

# TRANSCRIPT OF RECORD

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SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1913

No. 127

UNITED DRUG COMPANY, PETITIONER AND APPELLANT

THEODORE ROCTANUS COMPANY

ON WRIT OF HABEAS CORPUS TO REMOVE APPEAL FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SECOND CIRCUIT

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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1916.

No. 511.

UNITED DRUG COMPANY, PETITIONER AND APPELLANT,

*vs.*

THEODORE RECTANUS COMPANY.

ON WRIT OF CERTIORARI TO AND APPEAL FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

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## TRANSCRIPT OF RECORD.

United States Circuit Court of Appeals, Sixth Circuit.

No. —.

In Equity.

THEODORE RECTANUS COMPANY, Appellant,

vs.

UNITED DRUG COMPANY, Appellee.

Appeal from the District Court of the United States for the Western  
District of Kentucky.

Original Transcript Filed October —, 1913.

*Citation.*

Issued October 2nd, 1913. Evans, J.

UNITED STATES OF AMERICA, ss:

Western District of Kentucky, Sixth Judicial Circuit.

To United Drug Company, Greeting:

You are hereby cited and admonished to be and appear at a session of the United States Circuit Court of Appeals for the Sixth Circuit, to be holden at the City of Cincinnati, in said Circuit, on the 31st day of October next, pursuant to a petition for appeal filed in the Clerk's Office of the District Court of the United States for the Western District of Kentucky, wherein Theodore Rectanus Company is the Appellant and you are appellee, to show cause, if any there be, why the decree rendered against the said Appellant as in the said petition for appeal mentioned, should not be corrected, and why speedy justice should not be done to the parties in that behalf.

Witness the Honorable Edward D. White, Chief Justice of the United States, this 2nd day of October, in the year of our Lord one thousand nine hundred and thirteen, and of the Independence of the United States of America the one hundred and thirty-eighth.

WALTER EVANS, *Judge.*

Service accepted October 2, 1913.

UNITED DRUG COMPANY.

WEHLE & WEHLE, *Solicitors.*

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*Petition for Appeal.*

Filed July 14, 1913. A. G. Ronald, Clerk.

The above named defendant, Theodore Rectanus Company, feeling itself aggrieved by decree made and entered in this cause on the 11th day of July, 1913, and that there is error to the prejudice of said defendant in the said decree by which it will be irreparably injured, does hereby appeal from said decree to the United States Circuit Court of Appeals for the Sixth Circuit, for the reasons specified in the Assignment of Errors; and it prays that its appeal be allowed, and that citation issue as provided by law, and that a transcript of the record, proceedings and papers upon which said order, decree and judgment was based, duly authenticated, may be sent to the United States Circuit Court of Appeals for the Sixth Circuit.

And your petitioner further prays that an order be entered suspending, pending an appeal, the writ of injunction granted unto the complainant, on terms equitable to both parties hereto, and that the proper order be made touching the security to be required of this defendant to perfect its appeal.

C. B. BLAKEY,

*Solicitor for the Defendant.*

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## TRANSCRIPT OF RECORD.

In the District Court of United States, Western District of Kentucky,  
at Louisville.

No. 101.

UNITED DRUG COMPANY, Complainant,

vs.

THEODORE RECTANUS COMPANY, N. S. PRESTON, C. H. DRALLE, and  
OTTO K. DIETRICH, Defendants.

*Bill in Equity.*

Filed September 24, 1912. A. G. Ronald, Clerk.

To the Honorable the Judges of the District Court of the United  
States for the Western District of Kentucky:

United Drug Company, a corporation organized and existing under the laws of the Commonwealth of Massachusetts and domiciled in Boston, Massachusetts, and a citizen of said Commonwealth and of the United States of America, brings this its bill of complaint against Theodore Rectanus Company, a corporation organized and existing under the laws of the State of Kentucky, domiciled in Louisville, Kentucky, and a citizen of said State of Kentucky and of the United States of America, and against M. S. Preston, C. A. Dralle and Otto K. Dietrich, officers and directors of said Theodore Rectanus Com-

pany, all domiciled in Louisville, Kentucky, and all citizens of the State of Kentucky, and of the United States of America.

And thereupon your orator complains and says:

1. The respective citizenships and domiciles of your orator, United Drug Company, and of each of the defendants, Theodore Rectanus Company, M. S. Preston, C. A. Dralle, and Otto K. Dietrich, are as set forth in the foregoing preamble. The defendants, M. S. Preston, C. A. Dralle and Otto K. Dietrich, are respectively the president, the vice-president and secretary, and the treasurer, and all of them are directors of the said corporation, Theodore Rectanus Company.

The defendants, Theodore Rectanus Company, said Preston, said Dralle and said Dietrich, are all inhabitants of the Western Judicial District of Kentucky; and are jointly engaged, in the city of

2 Louisville in said Western District of Kentucky, in the retail drug business in the conduct whereof said defendants jointly within said Western District of Kentucky, and elsewhere, have committed and are committing, and threaten to continue to commit, the acts of trademark infringement and unfair competition herein complained of. Said defendants, Preston, Dralle, and Dietrich, individually, personally, jointly, and by conspiring and confederating together, have employed and are employing, and threaten to continue to employ, said defendant corporation under their direction and control, as the instrumentality by which to commit the acts of trademark infringement and unfair competition herein complained of.

2. Your orator, directly or indirectly through subsidiary organizations and agencies, controls and conducts a business of great volume in the manufacture and sale, and the wholesale distribution, of practically all of the commodities of every character which are usually retailed through drug stores. The commodities so handled under your orator's direction and control comprise about two hundred (200) different medicinal preparations and proprietary articles of which more than fifteen million (15,000,000) packages are sold annually. The said business comprises also the sale of large quantities of confectionery, toilet goods, stationery and sundries, all of a character to be retailed through drug stores.

The said business is conducted by means of a system of distribution and sale by which your orator is enabled not only to earn its own large volume of profits upon a comparatively low percentage of profit, but also to offer to the general public throughout the United States practically all of the commodities usually sold through drug stores, at fair and equitable prices. The development and extensive application of your orator's system has been of large benefit not only to retail druggists but also to the general public because the great reduction of selling expense effected by said system enables your orator's organization to sell products of the highest grade at very moderate prices. The effectual competition thus offered to other dealers obviously subverts the interests of the public by setting equitable standards of quality and prices which others are compelled to meet as nearly as they can.

In practicing its said system your orator causes the said commodities to be distributed to none others except certain approved re-

tail druggists whose businesses are first carefully scrutinized and who are selected largely because of the high character of their dealings with the public and their reputations for honesty and reliability in their respective communities. When duly tested and found to satisfy the high standards prescribed by your orator, the approved retailer is given an exclusive territory in which to retail the commodities controlled by your orator, and is required to become a bona fide stockholder participating in all the profits of your orator's business.

The owners of nearly five thousand (5,000) retail drug stores, scattered over every state and territory of the United States, have availed themselves of the advantages of your orator's system and are now engaged in selling the commodities aforesaid at low prices which not only benefit the public directly but also by competition compel other retailers to reduce their prices for similar commodities.

Your orator's described organization reaches nearly every community of any size in the United States and extends to Canada and other foreign countries.

The character and quality of commodities distributed by your orator, are the highest, and all medicinal and like preparations are caused to be manufactured with the greatest care and circumspection to avoid inferior or harmful ingredients. The pharmaceutical products sold by your orator's organization are not of the unfortunately familiar kind wherein deleterious drugs, opiates or stimulants temporarily obscure symptoms without remedial effect and often with serious after-effects; on the contrary, all the pharmaceutical products sold under the sanction of your orator's trademarks are prepared in accordance with well recognized formulæ for true and proper remedies for the effectual treatment of the ailments to which they pertain. In other words, your orator's organization provides the public with staple remedies of many different sorts which are actual remedies in the best sense and are entirely safe to be administered and taken by the great multitude of purchasers who, unable to employ their own physicians, are immeasurably benefited by the opportunity to purchase safe and effectual remedies prepared upon the reputation and responsibility of a reliable organization.

Your orator thus controls a business of great value and volume conducted upon the highest plane of honesty, and of great benefit and advantage to the general public as well as to a great number of stockholders who are retail druggists scattered over the entire United States.

When, therefore, your orator's rights are infringed as by these defendants, the effect is not merely to damage a single business concentrated in a more or less fixed locality, but goes much further to damage seriously a multitude of retailers all over the United States and to demoralize a great number of separate businesses all subject to the maintenance of your orator's rights in the premises. Moreover the opportunity for such infringement to result in deception of the public extends into practically every community in the country dependent only upon the growth which the infringer's

business may have attained before your orator is able to enforce its rights.

3. The commodities dealt in in said business have acquired a very extensive and enviable reputation throughout the United States; and this reputation attaches principally to the valuable trademarks owned and controlled by your orator by which the public distinguishes such commodities and identifies them with your orator's responsibility and reliability, and which are recognized and accepted by the purchasing public as symbolizing your orator's organization and the high merit of any merchandise to which said trademarks or any of them are or is affixed.

Among other valuable trademarks used by your orator's organization is the distinctive, arbitrary and fanciful word "Rexall" which is used generally to characterize and distinguish in the retail market the merchandise offered for sale by the retail druggist stockholders above referred to. Each and every store appointed as aforesaid to sell the merchandise handled by your orator's organization is designated "The Rexall Store," and that name appears conspicuously upon signs upon the store windows, and in display advertising within the store and in daily papers and elsewhere. Also the word "Rexall" is affixed as a distinctive name and trademark to many millions of packages of medicinal and other preparations handled by said retailers.

A distinguished characteristic of the trademark "Rexall" is the syllable "Rex," which equivalent abbreviation is also owned and used by your orator as a trademark and has been so used by your orator and its predecessors in business continuously since the year 1877. This abbreviation "Rex" is used as a pretended trademark for certain preparations by the defendants as hereinafter more fully described; but long prior to any such use your orator's predecessors in business had acquired an exclusive right to said mark for said preparations, as next herein averred.

5 4. Many years ago, to-wit, in the year 1877, one Ellen M. Regis, then and ever since domiciled in the city of Haverhill, Massachusetts, manufactured a certain pharmaceutical product which she publicly offered for sale and sold in substantial and increasing quantities, as a remedy for various ailments of the digestive organs and as a blood purifier and builder. Said pharmaceutical product (hereinafter designated for brevity "the Regis remedy") was manufactured by said Ellen M. Regis in accordance with a secret formula; and its principal ingredient was, and ever since has been, well recognized by those skilled in materia medica to be an excellent and effective medicine for use in treatment of disorders of the blood as well as dyspepsia and other ailments of the digestive organs. Said Regis remedy was offered for sale and sold in the year 1877 and continuously thereafter with the truthful representation that it was, among other things, an excellent blood purifier and builder and a remedy for dyspepsia and other ailments of the digestive organs; and said remedy was, in the year 1877 and continuously thereafter, accepted by the purchasing public and recognized to be, among other things, an excellent blood purifier and builder and remedy for dyspepsia and other ailments of the di-



gestive organs. Said Regis remedy as prepared and sold in the year 1877 and continuously thereafter possessed inherently the properties of a blood purifier and builder and a remedy for dyspepsia and other ailments of the digestive organs.

5. In her said business, and beginning in the year 1877, said Ellen M. Regis adopted and used as a trade-mark for said Regis remedy, and to distinguish said remedy from all others, the arbitrary and fanciful designation comprised in the word "Rex" which word she, said Ellen M. Regis, beginning in the year 1877 and continuously thereafter and until she sold her business, invariably affixed in legible and conspicuous letters upon the containers in which she publicly offered for sale and sold said Regis remedy. Said Ellen M. Regis extensively advertised the word "Rex" as the name and trademark of said Regis remedy. By reason of the aforesaid adoption and use and advertisement of said word "Rex" as the name and trademark of said Regis remedy, said word "Rex" from the year 1877 up to the present time has indicated, and has been recognized by the purchasing public as indicating the origin reputation and reliability of the merchandise to which it was affixed as aforesaid, and the common origin, reputation and reliability of all the different packages of said remedy which

6 were offered for sale and sold; and said word "Rex" distinguished said remedy from all others except your orator's aforesaid "Rexall" products. Said Regis remedy, in the year 1877, was dispensed by said Ellen M. Regis under the name of the "Rex Remedy" or the "Rex Cure" and was asked for orally and in writing by the purchasing public and was generally designated the "Rex Remedy" or the "Rex Cure."

6. Said Ellen M. Regis continuously used said word "Rex" as a trademark for said Regis remedy as aforesaid from the date of its adoption in 1877 until in or about the year 1899 when she formed a partnership with her son, Joseph F. Regis, which partnership under the firm name and style of E. M. Regis & Company acquired the entire business and good-will relating to said Regis remedy and including said trademark "Rex." Thereupon and without interruption, said partnership E. M. Regis & Company continuously made and sold said Regis remedy in accordance with the same formula above referred to and having the same properties; and invariably affixed to the packages containing the said remedy the word "Rex" as a trademark indicating the origin, reputation and reliability of said remedy. Said partnership E. M. Regis & Company made and sold said Regis remedy as aforesaid with the trademark "Rex" affixed thereto, continuously until the year 1910, when the entire business and good-will relating to said Regis remedy and all assets of said business including said trademark "Rex" were purchased from said partnership E. M. Regis & Company by your orator, United Drug Company.

7. By the purchase of said business, good-will and assets of said partnership, including said trademark "Rex," your orator became and ever since has continued to be the sole and exclusive owner of the word "Rex" as a trademark for a blood purifier and builder and

a remedy for dyspepsia, among other things, and for merchandise having the same or equivalent properties.

Ever since the said purchase of said trademark, your orator has continuously manufactured said Regis remedy according to the same formula referred to above and using the same ingredients; and said remedy has invariably possessed the same properties including those of an effectual blood purifier and builder and a remedy for dyspepsia and has always been sold with the truthful representation that it was a blood purifier and builder and a remedy

7 for dyspepsia and other ailments of the digestive organs; and has been accepted by the purchasing public as such; and your orator has invariably affixed to the packages containing the said Regis remedy so sold the word "Rex" as its trademark and as the distinctive indication of the origin, reputation and reliability of said remedy. Neither your orator nor any of its predecessors in business has ever for any period whatever abandoned or ceased to use said trademark "Rex" as aforesaid.

8. By reason of the premises your orator's right to the exclusive use of the word "Rex" within and throughout the United States, as a trademark for a blood purifier and builder and a remedy for dyspepsia and other ailments of the digestive organs, and for merchandise of the same or equivalent properties, is derived from the adoption and first use of said trademark in the year 1877 and the uninterrupted use thereof as a trademark ever since the year 1877, by your orator and its predecessors in business. At the outset in the year 1877 the business in the said Regis remedy under the trademark "Rex" was of small volume but immediately and long prior to any use whatsoever of said mark "Rex" by the defendants or their predecessors, said business rapidly and steadily increased; and has ever since increased; and said remedy under the trademark "Rex" has long been an article of commerce between the several states of the United States and with foreign countries, and is now on sale and is being sold to and by many of your orator's customers, including four retail drug stores in the city of Louisville, Kentucky, where the defendants are located and conduct their competing business and have committed acts of trademark infringement and unfair competition herein complained of. Said Regis remedy has been recognized and identified by the purchasing public by means of said trademark "Rex" and has gained a very favorable and valuable reputation.

The infringement and unfair competition by these defendants not only affects and damages your orator's business generally but also directly affects and seriously damages the aforesaid four retail stores in the city of Louisville, Kentucky.

9. The validity of said trademark "Rex" and the title thereto of your orator's predecessor in business from whom your orator derived title, have been twice adjudicated by the Supreme Court of Massachusetts after strenuously contested and protracted litigation.

8 The first suit was by E. M. Regis & Company, your orator's predecessor, against Jaynes & Company (reported 185 Mass. 458, 70 N. E. 480; 77 N. E. 774). This was a suit in equity

for an injunction, profits and damages, charging infringement of the "Rex" trademark (afterward acquired by your orator as aforesaid) by the defendant's sale of a so-called "Rexall Dyspepsia Remedy." At that time the defendant, Jaynes & Company, was retailing the "Rexall" preparations of your orator's organization and it was one of those preparations which was complained of. The Massachusetts Supreme Court decreed that the complainant, E. M. Regis & Company, had established an exclusive right of property to the device or name "Rex"; also that said exclusive right had been infringed; and ordered an injunction and accounting. The facts respecting said suit will appear more fully by authenticated copies of the pleadings, orders and decrees therein, here in court ready to be produced.

Following the decree in the aforesaid suit, your orator's organization ceased to use the trademark "Rexall" on the preparation which had been complained of and further fully complied with the terms of the decree and injunction order in said suit, although your orator, not being a party to the suit, was not expressly bound so to do. Your orator continued, however, to apply its trademark "Rexall" to all its other products.

On February 19, 1910, however, the aforesaid partnership, E. M. Regis & Company, filed a second suit against your orator's associated corporation, United Drug Company, a New Jersey corporation, joining as a second defendant Louis K. Liggett, the president of said New Jersey corporation and also of your orator. Said bill of complaint alleged that the trademark "Rex" had been applied by the complainant to a certain medicinal preparation which was sold as a medicine for various enumerated disorders and diseases of the stomach, intestines, liver and kidneys, and ailments resulting therefrom, and for purifying and building up the blood, etc.; and that the United Drug Company infringed the trademark rights in said word "Rex" by the use of the word "Rexall" upon goods of the same descriptive properties. Said suit was strenuously contested, by a vain attempt to remove the suit to the Federal Courts in Massachusetts, and subsequently by the filing of the defendants' answers, joinder of issue, and the taking of voluminous testimony.

An interlocutory decree was entered for complainant sustaining its title to and the validity of the trademark "Rex" as a  
9 trademark for medicine for the relief and cure of various ailments and for purifying and building up the blood; finding infringement by the word "Rexall"; and referring the matter to a master for a report upon profits and damages.

The facts relating to this suit will appear more fully by authenticated copies of the pleadings, orders and decrees therein, here in court ready to be produced.

Following this interlocutory decree and before the master's hearing, the suit was settled and your orator then purchased from the complainant, E. M. Regis & Company, the entire business, goodwill, and trademark rights, including said trademark "Rex," as hereinbefore described, and paying therefor bona fide a sum of one

hundred thousand dollars (\$100,000.00), in cash and valuable securities.

10. Your orator's predecessor in business, said Ellen M. Regis, registered said trademark "Rex" in the office of the Secretary of the Commonwealth of Massachusetts in accordance with the laws of said Commonwealth, on September 27, 1898, and said registration has given the official number 673; as will more fully appear by a certified copy of the certificate of registration here in court ready to be produced.

Your orator's predecessor, E. M. Regis & Company, duly registered said trademark "Rex" in the United States Patent Office in accordance with the Statutes of the United States, as appears by the certificate of such registration, to-wit: certificate No. 35,503, registered November 27, 1900, upon an application filed October 24, 1900; all as by said certificate of registration or a duly certified copy thereof, here in court ready to be produced, will more fully appear.

Your orator has acquired and now owns the entire right, title and interest in, to and under said registrations.

11. Your orator's exclusive rights in the trademark "Rex" as aforesaid are of a value of more than one hundred thousand dollars (\$100,000.00). The defendant's acts and doings herein complained of in infringement of your orator's said trademark rights have caused and are causing your orator great and irreparable pecuniary loss and injury and have impaired and threaten to impair the value of your orator's exclusive rights in said trademark "Rex," to an extent much greater than the value of three thousand dollars (\$3,000.00) exclusive of interest and costs. The good-will and reputation of your orator's said business in said "Rex" remedy, and your orator's right to encounter none but fair and lawful competition in said business, are of a value greater than one hundred thousand dollars (\$100,000.00) and the value thereof has been impaired and is threatened to be impaired, by the unfair competition by the defendants herein complained of, to an extent much greater than the value of three thousand dollars (\$3,000.00) exclusive of interest and costs. The relief hereinafter prayed in respect of trademark infringement and the relief hereinafter prayed in respect of unfair competition, will each have, if granted, a value to your orator far exceeding that of three thousand dollars (\$3,000.00) exclusive of interest and costs.

12. No person, firm, corporation or association, other than your orator and its predecessors in business, has ever had or now has any right whatsoever to use said word "Rex" as a trademark or name for blood purifier and builder or a remedy for dyspepsia or other ailments of the digestive organs, or for any article or preparation having the same or equivalent properties; and the trade and public generally have recognized and acquiesced in the exclusive rights in said trademark as aforesaid of your orator and its predecessors in business.

13. Notwithstanding your orator's aforesaid exclusive rights in and ownership of said trademark "Rex," and in violation of your

orator's said rights, and without direct or mesne license or permission from your orator or its predecessors in business, and prior to the filing of this bill, the defendants aforesaid, jointly, well knowing the wrong and injury they were thereby doing unto your orator, have made and sold, and are making and selling, and threaten to continue making and selling, in the city of Louisville in said Western District of Kentucky and elsewhere in the United States, and for and in commerce between the several States of the United States, an alleged medicinal preparation, not made or sold or authorized by your orator, which said preparation said defendants invariably represent to be and sell as a remedy for ailments of the blood and a blood purifier and builder and a remedy for dyspepsia and other ailments of the digestive organs, and invariably represent to be and sell as a remedy having some or all — its descriptive properties identical with or equivalent to those of your orator's aforesaid "Rex" remedy; and said defendants have invariably affixed to and displayed upon the packages in which their said preparation is offered for sale and sold, your orator's trademark "Rex"; and said defendants invariably have publicly offered for sale and sold their said

11 preparation under the name "Rex" and with the word "Rex" conspicuously displayed upon the packages containing said preparation and purporting to be the distinctive trademark and name of said preparation. All of the acts aforesaid by said defendants, and also the alleged earliest use of the mark "Rex" for any purpose by the predecessor in business of the defendants hereinafter referred to, have been committed only long since the adoption and extensive use in both intra-state and inter-state commerce of said trademark "Rex" as a trademark for said so-called Regis remedy by your orator's predecessors in business, and only long since the exclusive rights in and to said trademark were acquired by and perfected in your orator's said predecessors; and said defendants jointly have committed, are still committing, and threaten to continue committing, all of the acts aforesaid, and under all the circumstances aforesaid, to the great and irreparable damage of your orator.

14. The use by defendants as aforesaid, of your orator's said trademark "Rex" upon defendants' alleged remedy, is calculated to and does in fact confuse and deceive the purchasing public into the belief that the defendants' said alleged remedy so marked is a product of, or is authorized or sanctioned by, your orator's organization and entitled to share the confidence and reputation which has been gained by the products of your orator's business aforesaid; and also is calculated to and does in fact lead the purchasing public to buy the defendants' said alleged remedy marked as aforesaid in the belief that said remedy is a product of, or authorized or sanctioned by, your orator, and thereby commits a fraud upon the public and diverts from your orator and its retail dealers sales which rightfully belong to your orator. The effect, and intended effect, of the use of said mark "Rex" by the defendants as aforesaid, is to place in the hands of retailers, and clerks and employees thereof and of the defendants, an instrument of fraud whereby the defend-

ants' said alleged remedy may be substituted fraudulently for your orator's said "Rex" remedy, to the great damage of your orator and its own retailers and to the deception of the public.

15. Your orator is informed and believes, and therefore avers, that the word "Rex" was first adopted and used in connection with the business now conducted by these defendants (long subsequently to the adoption and use thereof as aforesaid by your orator's predecessors in business) by one Theodore Rectanus, from whose name the title of the present defendant corporation was derived; said Theodore Rectanus applied the said word "Rex" to an alleged blood purifier and builder and remedy for dyspepsia and other ailments of the digestive organs, prepared by him in connection with his small retail drug business in the city of Louisville, Kentucky; the sale of said remedy under the name "Rex" by said Theodore Rectanus was of very small volume and was confined to a few retail customers of said Rectanus in said city of Louisville, his condition and small volume of business continued until the year 1909, as your orator is informed and believes, and therefore avers, in which year said Theodore Rectanus sold his entire said business and all the good-will and assets thereof to the present defendants. Said Theodore Rectanus has now no connection or pecuniary or other interest in the business of these defendants, and has not had any connection or such interest therein since in or about the year 1909. These defendants thus acquired the business in which the word "Rex" had been used in a very small and inconspicuous retail way in the year 1909, and long subsequently to the time when your orator had extensively popularized its trademarks "Rexall" and "Rex" throughout the United States and had gained for merchandise bearing said trademarks, and particularly for a blood purifier and builder and remedy for dyspepsia and other ailments of the digestive organs, bearing the trademark "Rex," an extremely valuable and valuable reputation.

16. These defendants, well knowing the premises, and subsequently to the adoption and use of "Rex" and "Rexall" by your orator and its predecessors as hereinbefore averred, disregarding all rights of your orator, and fraudulently and with intent to deceive the public and to induce the public to purchase other and spurious merchandise by mistake for that of your orator, and with intent to identify themselves and their business falsely with that of your orator and its multitude of associated retailers, and fraudulently and deceptively to palm off the defendants' merchandise upon the purchasing public as and for your orator's merchandise, and thereby obtain the trade and custom of those who otherwise would purchase your orator's merchandise, and with intent to obtain the benefit of your orator's widespread and expensive advertising without themselves, the defendants, doing such advertising, and without giving any reputation of their own, but unfairly relying upon the widespread advertisements and enviable reputation of your orator, its associated retailers and its products, and the demand of the public for your orator's aforesaid "Rex" remedy; and thereby to injure your orator and seriously damage its business

and the business of its multitude of retailers and particularly to damage the business of its four retailers in the city of Louisville, Kentucky—unlawfully and without direct or mesne license or permission of your orator, have recently sold and offered for sale and now are selling and offering for sale in the said city of Louisville in the Western District of Kentucky and elsewhere, large quantities of the defendants' aforesaid preparations, not manufactured, sold, authorized or sanctioned by your orator, under the trademark of the name "Rex;" and the defendants have advertised and still are advertising and threaten to continue advertising said spurious preparation under the name "Rex," wording their said advertisements in such manner as to make it appear deceptively that they, said defendants, are offering for sale and selling your orator's said genuine "Rex" remedy; and defendants offer for sale and sell, and have sold, said fraudulent preparation as and for your orator's genuine "Rex" remedy, and for the purpose of deceiving the public and purchasers of such remedy and inducing them by the use of said trade name and advertisements to purchase defendants' said preparation as and for the said "Rex" remedy of your orator's manufacture which said purchasers desire and would otherwise have purchased. Such purchasers are and have been thereby deceived and misled by the aforesaid unfair competition. Defendants use in certain of their advertisements the words "The Rex Store" together with the address of defendants' place of business to indicate the place at which the defendants' aforesaid spurious preparation is offered for sale; and said words are intended by the defendants and do in fact fraudulently copy and imitate the advertisements and signs used by your orator and its authorized retailers, said advertisements and signs employing the words "The Rexall Store." Thus, and also by other means, the defendants deceptively and fraudulently and with intention to mislead the public identify their place of business and their products there on sale with your orator and its extensive organization and the favorable and widespread reputation thereof; and also thereby deceptively induce purchasers to enter defendants' store and buy merchandise there in the belief that they are buying one of your orator's retailers.

14 Your orator is informed and believes that the defendants have begun to use the designation "The Rex Store," under the circumstances and for the purposes aforesaid, only since your orator both orally and in writing notified the defendants of your orator's rights in the premises and demanded that they cease the infringement and unfair competition herein complained of; and that the defendants have adopted said designation "The Rex Store" in defiance of your orator's right and for the purpose of attempting to extort from your orator a large sum of money as the price for the cessation of the defendants' trademark infringement and unfair competition herein complained of.

17. Your orator is informed and believes, and therefore avers that by means of the trademark infringement and unfair competition hereinbefore complained of, and by availing themselves of the reputation for the names "Rex" and "Rexall" theretofore created



at great trouble and expense by your orator, the defendants have succeeded in greatly expanding the volume of defendants' business in its aforesaid alleged remedy upon which or in connection with which defendants have used said name "Rex," far beyond any volume of business which had been done or attempted prior to the year 1909 by the defendants' predecessor, said Theodore Rectanus.

18. The business under said trademark "Rex" which had been done by said Theodore Rectanus was of such small and insignificant volume and was confined to such a limited territory that your orator and its predecessors in business had never been apprised of the existence of said business or the use therein of said trademark "Rex" until the aforesaid expansion of said business by these defendants which was attempted and accomplished by the means aforesaid, and by reason of and with the assistance of the reputation for said trademark "Rex" theretofore created by your orator. In the expansion of said business by these defendants and for the purpose of availing of the reputation theretofore created by your orator these defendants fraudulently applied your orator's said trademark and name "Rex" not only to said blood purifier and builder, but also to other products in infringement of your orator's trademark rights and in unfair competition with your orator.

Your orator was unaware of the use by these defendants of the trademark and name "Rex" upon a blood purifier and builder or any other product until recently, and since learning thereof  
15 your orator has informed said defendants of your orator's exclusive rights in the premises and has made demand both orally and in writing of said defendants and each of them to cease all and every use of said trademark "Rex;" but said defendants have refused and neglected to comply with said demand in whole or in part and since said demand have continued and are continuing and threaten to continue the use of your orator's said trademark "Rex" as herein complained of.

19. Your orator's said reputation and business and that of its associated retailers is greatly injured, and threatened with continued and greater injury and damage, because said spurious alleged blood purifier and builder made and publicly offered for sale and publicly sold by said defendants as aforesaid under your orator's said trademark and name "Rex," is, as your orator is informed and believes, of inferior quality and comprises ingredients which are deleterious to health.

20. The defendants have sold and sell their said alleged blood purifier and builder in packages some or all of which bear the legend "The Rex Medicine Company, Louisville, Ky., Sole Agents for the United States"; said legend does not indicate any true origin of said product but tends further to confuse and deceive the public, because said name still further fraudulently identifies the said defendants' product with the business of your orator's organization. Your orator is informed and believes and therefore avers, that the name "The Rex Medicine Company" so used by these defendants is a wholly false and fraudulent designation; that there is no person, partnership, corporation or association so named or doing business



under such name; and that said name has been used and is used by these defendants for the purpose of further identifying their said product with the business of your orator and for the purpose of evading or attempting to evade responsibility for the inferior character and quality of said product. The trademark infringement and unfair competition by these defendants herein complained of are calculated to, and do in fact encourage others to, disregard your orator's rights in the premises.

21. Your orator is informed and believes, and therefore avers, that these defendants have made large gains and profits by reason of said unlawful use of your orator's trademark "Rex," but the precise amount of said profits is unknown to your orator and your orator prays that the defendants may be compelled to disclose the same.

16        22. Your orator further avers that for the wrongs and injuries herein complained of your orator has no clear, speedy or adequate remedy at law, and forasmuch as it is without any remedy in the premises save in a court of equity, where matters of this kind are properly cognizable;

To the end therefore that your orator may obtain relief in the premises in this honorable court, your orator prays:

First. That the said defendants and each of them and the officers, attorneys, agents, servants and privies of each or any or all of them, be perpetually enjoined and restrained by writ of injunction issuing out of and under the seal of this honorable court from further infringing upon the rights of your orator and unfairly competing with your orator in the premises, and especially from employing or using the aforesaid trademark or name "Rex" or any variation thereof or any word or symbol so nearly similar thereto as to be calculated to be mistaken for or confused with said trademark or name "Rex," either alone or in connection with other words, figures, symbols or accompaniments, upon or in connection with any medicinal or other article or preparation for the treatment or cure of dyspepsia or any or all diseases, ailments or disorders of the digestive organs or the blood or for purifying and building up the blood; also from making any use whatever of the word "Rex" or the words "The Rex Store" or any similar words calculated to be mistaken therefor or confused therewith; also from publishing or causing to be published or displayed, in any form or manner whatsoever, signs or placards or labels or advertisements exhibiting the word "Rex" or the words "The Rex Store" in connection directly or indirectly with the offering for sale or selling of any medicinal or other article or preparation for the treatment or cure of dyspepsia or any or all diseases, ailments or disorders of the digestive organs or the blood, or for purifying and building up the blood; or any other medicinal, chemical or pharmaceutical preparation or article whatsoever, also from making, or causing to be made, or assisting in making, any inequitable or misleading use whatever of the word "Rex," or any similar word calculated to be mistaken therefor or confused therewith in connection with the manufacture or sale of any medicinal or other article or preparation for the treatment or cure of dyspepsia

or any or all diseases, ailments or disorders of the digestive  
17 organs or the blood, or for purifying and building up the  
blood; also from doing, or causing to be done, or assisting in  
doing, any act or thing whatsoever to cause or assist or facilitate the  
offer for sale or sale of any medicinal or other article or preparation  
for the treatment or cure of dyspepsia or any or all diseases, ailments  
or disorders of the digestive organs or the blood, or for purifying  
and building up the blood, not manufactured or sold or authorized  
or sanctioned by your orator, as or for, or by mistake for, or in  
confusion with your orator's aforesaid "Rex" remedies; also from  
in any form or manner whatsoever infringing or trespassing upon  
your orator's rights as the owner of the trademark and name "Rex";

Second. That the said defendants and each of them, and the  
officers, attorneys, agents, servants and privies of each or any or all  
of them, be in like manner and effect provisionally enjoined and  
restrained during the pendency of this suit;

Third. That the defendants may be decreed to account for and  
to pay over to your orator the profits which the said defendants  
have made by their aforesaid wrongful acts and also to account for  
and pay over to your orator three times the amount of actual dam-  
age sustained by your orator from the aforesaid unlawful acts, and  
also the costs of this suit;

Fourth. And that your orator may have such other and further  
relief in the premises as the nature of the case may require and to  
your Honors may seem meet;

Fifth. To the end therefore that the said defendants and each of  
them may, if they or any of them can, show why your orator should  
not have the relief hereby prayed, and may, according to the best  
and utmost of the knowledge, remembrance, information and belief  
of each and all of them, full, true, direct and perfect answer make  
to the several matters hereinabove stated and charged as fully and  
particularly as if the same were here repeated and the defendants  
especially interrogated in reference thereto, but not under oath, an  
answer under oath being hereby expressly waived:

May it please your orator to grant unto your orator not only writ  
of injunction conformable to the prayers of this bill but also writs  
of subpoena and respondendum issuing out of and under the seal  
of this Honorable Court, directed respectively to the said defendants,  
Theodore Rectanus Company, M. S. Preston, C. A. Dralle, and Otto  
K. Dietrich, commanding them and each of them to appear, and  
to perform and abide by such order and decree herein as to  
18 this court may seem required by the principles of equity  
and good conscience.

And your orator will ever pray.

UNITED DRUG COMPANY,  
By LOUIS K. LIGGETT, *President.*

EMERY BOOTH, JENNEY & VARNEY,  
*Of Counsel for Complainant.*  
LAURENCE A. JANNEY,  
*Of Counsel for Complainant.*

STATE OF MASSACHUSETTS,  
*County of Suffolk, ss:*

Louis K. Liggett, being first duly sworn, deposes and says that he is president of United Drug Company, the complainant above named; that he has read the foregoing bill of complaint and knows the contents thereof; and that said bill is true of his own knowledge except as to those matters therein stated to be alleged on information and belief, and as to those matters he believes it to be true; and that the reason why he himself makes oath to said bill is that the complainant is a corporation.

LOUIS K. LIGGETT.

Subscribed and sworn before me this fourteenth day of August 1912.

[SEAL.]

JOSEPH A. GALVIN,  
*Notary Public.*

*Demurrer of the Defendants, Theodore Rectanus Company, a Corporation, to the Bill of Complaint.*

Filed January 6, 1913. A. G. Ronald, Clerk.

This defendant, Theodore Rectanus Company, a corporation, by protestation, not confessing or acknowledging all or any of the matters and things in the said plaintiff's bill to be true, in such manner or form as the same are therein set forth and alleged, doth demur thereto, and for causes of demurrer sheweth:

19 First. That it appeareth by plaintiff's own showing by the said bill that this Court has no jurisdiction to try and determine the facts therein set forth, and that by the plaintiff's own showing by the bill some other court of equity has proper jurisdiction.

Second. That it appears by the plaintiff's own showing, by the said bill, that it is not entitled to the relief prayed by said bill against this defendant.

Third. That said Bill of Complaint is wholly without equity.

Fourth. That it appears from said bill that same is multifarious and that distinct and separate demands are joined in said bill against this defendant.

Wherefore, and for divers other errors and imperfections, and for good causes of demurrer, in said bill contained, this defendant humbly demands the judgment of this Honorable Court, whether it shall be compelled to make any further or other answer to the said bill or any other matters and things therein contained, and it humbly prays to be hence dismissed, with its reasonable cost in the behalf sustained.

BLAKEY, IRVIN & LEWIS,  
*Counsel for Defendant.*

STATE OF KENTUCKY,  
*County of Jefferson:*

M. S. Preston makes solemn oath and says that he is the president and chief officer of the defendant, Theodore Rectanus Company, and that the foregoing demurrer is not interposed for delay.

M. S. PRESTON.

Subscribed and sworn to before me this fourth day of January, 1913. My commission expires on the 11th day of January, 1914.

HUSTON QUIN,  
*Notary Public, Jefferson Co., Ky.*

I hereby certify that in my opinion, the foregoing demurrer is well founded in point of law.

CLAYTON B. BLAKEY,  
*Of Counsel for Defendant.*

20 *Order Withdrawing Defendants' Demurrer to Bill and Filing Amended Bill.*

Entered February 3, 1913. Evans, J.

This day came the defendants, Theodore Rectanus Company, a corporation, N. S. Preston, C. A. Dralle and Otto K. Dietrich, by Clayton B. Blakey, their counsel, and withdrew their demurrers to the Bill of Complaint filed herein on the 6th day of January, 1913.

Thereupon appeared the complainant by Wehle & Wehle, its counsel, and tendered and moved the Court to file an amendment to the Bill of Complaint herein, and no answer having been filed, it is now ordered that said amendment be and the same is now filed.

*Amendment to the Bill of Complaint.*

Filed February 3, 1913. A. G. Ronald, Clerk.

Now comes the complainant, the United Drug Company, and by leave of the Court amends its Bill, in the manner following:

First. In the prayer designated "First" of said bill of complaint, on typewritten page 27 thereof, cancel from the last line on said page 27 the words: "also from making any use whatever of the word"; and on page 28 thereof cancel all of the first and second lines;

Second. In said prayer designated "First" on typewritten page 28 of said bill, in line eleven thereof, change the comma following the word "blood" to a semi-colon; and immediately following said semi-colon, cancel the words: "Or any other medicinal, chemical or pharmaceutical preparation or article whatsoever":

Third. In said prayer designated "First" on page 29 thereof, in line two, insert a comma after the word "orator."

WEHLE & WEHLE,

*Solicitor- for Complainant.*

LAURENCE A. JANNEY,

*Of Counsel for Complainant.*

21 *Joint and Separate Answer of the Defendants Theodore Rectanus Company, N. S. Preston, C. A. Dralle, and Otto K. Dietrich.*

Filed March 14, 1913. A. G. Ronald, Clerk.

1. Come the defendants and for answer to the bill of complaint say, that it is not true that these defendants are jointly engaged in the retail drug business in Louisville, Kentucky, and they deny that they have jointly, or at all, committed, or are committing, or threatening to commit, the act of trademark infringement or unfair competition complained of in the bill, or at all committing any such acts. The said defendants, Preston, Dralle and Dietrich, deny that they individually, personally, jointly or at all, by conspiring or confederating together, or at all, have employed or are employing or threatening to continue to employ the defendant corporation under their direction or control, or at all, as the instrumentality by which to commit the acts of trademark infringement or unfair competition complained of in the bill.

2. Defendants say that they have no knowledge or information as to whether the complainant conducts a business of great volume in connection with commodities sold by retail drug stores or as to whether the complainant's business is conducted by means of a system of distribution whereby the public obtains commodities at fair or equitable prices, or as to whether said system has been a benefit to the retail druggists and the general public, or as to whether the complainant's commodities are sold to certain retail druggists only, or as to whether such retail druggists are required to be bona fide stockholders in the complainant's business, or as to whether nearly five thousand retail drug stores have availed themselves of the advantages offered by the complainant's system. Defendants deny that the quality of the commodities distributed by the complainant are the highest or are at all high, and deny that all medicinal or like preparations are caused to be manufactured by it with the greatest care and circumspection. Defendants say it is not true that the products of the complainant's organization are free from deleterious drugs, opiates or stimulants which temporarily obscure symptoms without medical effect and deny that all or any of the pharmaceutical products sold under the complainant's trademarks are prepared in accordance with the well recognized formulae for the effectual treatment of the ailments to which they pertain. Defendants deny that the said remedies  
 22 set out by the complainant are actual remedies in the best sense and are entirely safe or at all safe to be administered and

taken by the great multitude of purchasers or any purchasers, or that such purchasers are immeasurably or at all benefited by said remedies. Defendants say that they have no knowledge as to whether the complainant controls a business conducted upon the highest plane of honesty and deny that said business is a great or any benefit or advantage to the general public. Defendants deny that when its rights are infringed the effect is to damage seriously or at all a multitude or any retailers all over the United States or to demoralize a great or any number of separate businesses, all or any of which are subject to the maintenance of the complainant's rights. Deny that any such infringement extends into practically every community or any community in the country.

3. Defendants deny that the commodities dealt in by the complainant have acquired an extensive or enviable reputation in the United States or elsewhere. Deny that such reputation attaches to valuable trademarks owned and controlled by the complainant and deny that such trade marks symbolize the high merit of the merchandise to which said trademarks are affixed.

Defendants say that they have no knowledge as to whether the word "Rexall" is a valuable trademark used by the complainant or as to whether said word is used generally to characterize or distinguish in the retail market a merchandise offered for sale by the retail druggists who are stockholders of the complainant, or as to whether or not drug stores handling the complainant's commodities are designated as "The Rexall Store" or as to how conspicuous that name appears on said drug stores or in advertising, or as to whether said word "Rexall" is affixed as a distinctive name or trademark on many millions of packages or any package of medicinal or other preparations handled by said drug stores.

Defendants deny that the syllable or word "Rex" is a distinguished characteristic of the trademark "Rexall" and deny that said syllable or word "Rex" is owned or used by the complainant as a trademark and deny that the same has been so used or at all used by the complainant or its predecessors in business continuously or at all since the year 1877.

Defendants admit that said word "Rex" is used as a trademark by the defendant, Theodore Rectanus Company, for certain medicinal preparations hereinafter more fully described, but deny the charge made in the bill that said word is used as a pretended trademark and deny that, long or at all prior to the use of such word by Theodore Rectanus Company or its predecessors, said complainant's predecessors in business acquired the exclusive right or any right to said trademark for the preparations manufactured by Theodore Rectanus Company.

4. Defendants deny that one Ellen M. Regis in the year 1877 manufactured a pharmaceutical product which she offered for sale and sold in substantial or increasing quantities or any quantities as a remedy for various or any ailments of the digestive organs or as a blood purifier or builder. Deny that the principal ingredient or any ingredient in such remedy was or ever since has been well or at all recognized by those skilled in materia medica to be an excellent or

effective medicine for the use and treatment of disorders of the blood or dyspepsia or other ailments of the digestive organs. Deny that said remedy was offered for sale or sold in the year 1877 and deny that it has been sold or offered for sale since 1877 or that it was sold with the truthful representation that it was a blood purifier or remedy for dyspepsia or the ailments of the digestive organs. Deny that said remedy was in the year 1877, or at any other time or continuously since the year 1877, accepted, by the purchasing public or recognized to be an excellent blood purifier and builder, or blood purifier or builder of any character, or remedy for dyspepsia or other ailments of the digestive organs. Defendants deny that said remedy since the year 1877, or at all, possessed inherently, or at all, the properties of the blood purifier or builder or remedy for dyspepsia or ailments of the digestive organs.

5. Defendants deny that said Ellen M. Regis, beginning in the year 1877, or at all, adopted and used as a trademark for said remedy the arbitrary word "Rex" and deny that beginning in the year 1877, or continuously thereafter until she sold her business, said Ellen M. Regis invariably, or at all, affixed said word "Rex" in legible or conspicuous letters on the containers in which she publicly offered for sale or sold said remedy. Deny that said Ellen M. Regis extensively, or at all, advertised the word "Rex" as a trademark or remedy. Deny that by reason of said use or advertising, or any use or advertising of the word "Rex," the purchasing public has recognized the reliability of the remedy or merchandise to which it was affixed, as charged in the bill, or the reputation of the reliability of any packages or said remedy which was so offered for sale or sold. De-

24 fendants deny that said word "Rex" distinguishes the said Regis remedy from all others except the complainant's Rexall products. Deny that the said Ellen M. Regis in the year 1877 dispensed said remedy under the name "Rex Remedy" or the "Rex Cure," or that said remedy was asked for orally or in writing by the purchasing public as the "Rex Remedy" or the "Rex Cure," or that the same was generally or at all designated as the "Rex Remedy" or "Rex Cure."

6. Defendants deny that the said Ellen M. Regis continuously, or at all, used said word "Rex" as a trade-mark for said Regis remedy from the year 1877 until the year 1899. Defendants say that they have no knowledge as to whether E. M. Regis & Company acquired the business, good-will or trademark of Ellen M. Regis in 1899. Defendants deny that E. M. Regis & Company continuously or at all made and sold said Regis remedy and sold same in packages on which was affixed the word "Rex" as a trademark until the year 1910, or at all. Defendants say they have no knowledge as to whether the business, good-will or trademarks of the said E. M. Regis & Company were purchased by the complainant in the year 1910.

7. Defendants deny that by the complainant's purchase of said business, good-will, assets or trademarks, or any purchase of any property, the complainant became or ever since has continued to be the sole or exclusive owner of, or at all the owner of the word "Rex" as a trademark of a blood purifier and builder or remedy for dys-



pepsia or for merchandise having the same or equivalent properties or any properties.

Deny that the complainant has since 1910, or at all, continuously, or at all, manufactured said Regis remedy; deny that said remedy has invariably, or at all, possessed the properties of an effectual blood purifier or builder or remedy for dyspepsia, or that same has always or at all been sold with the truthful representation or any representation that it was a blood purifier or builder or a remedy for dyspepsia or other ailments of the digestive organs, and deny that same has been accepted by the purchasing public as such, and deny that the complainant has invariably, or at all, affixed to the package containing the said Regis remedy so sold the word "Rex" as its trademark. Defendants say it is not true that the complainant or its predecessors in business have never, for any period, abandoned or ceased to use said trademark "Rex" as charged in the bill.

25 8. Defendants deny that the complainant's rights to the exclusive use or any right to any use of the word "Rex" throughout the United States as its trademark for a blood purifier or builder, or remedy for dyspepsia or other ailments of the digestive organs or for any merchandise, is or was derived from the use of said trademark in the year 1877, or for the uninterrupted use of said trademark since the year 1877 by the complainant or its predecessors. Deny that immediately after 1877 or long prior to the use of the word "Rex" by the defendant, Theodore Rectanus Company, and its predecessors, the business of the complainant and its predecessors rapidly and steadily increased, or at all increased. Deny it has ever since increased. Deny that said Regis Remedy under the trademark "Rex" has long been, or at all been, an article of commerce between the several States of the United States and foreign countries. Deny that the same is now on sale or is being sold to or by many of the complainant's customers, including four or any retail drug stores in the city of Louisville, Kentucky. Deny that said Regis remedy has been recognized or identified by the purchasing public by means of said trademark "Rex," or has gained a favorable or valuable reputation or any reputation. Deny that any infringement or unfair competition on the part of the defendants, or any of them, has damaged the complainant's business generally, or has directly or at all affected or seriously damaged the four retail stores or any retail store in the city of Louisville.

9. Defendants say they have no knowledge as to whether the trademark "Rex" or the title thereto of the complainant's predecessors in business have been twice, or at all, adjudicated by the Supreme Court of Massachusetts. Defendants have no knowledge of the facts referred to in the suit of E. M. Regis & Company against Jaynes & Company, referred to in the bill, or of the suit of E. M. Regis & Company against the complainant referred to in the bill, or as to the decrees or orders entered by the court referred to in said bill. Defendants say they have no knowledge concerning the settlement of said suits, or as to whether the complainant purchased from E. M. Regis & Company the entire business, good-will and trademark rights of the said E. M. Regis & Company, or as to whether said com-



plainant paid therefor the sum of one hundred thousand dollars in cash or valuable securities.

26 10. Defendants have no knowledge as to whether Ellen M.

Regis registered the trademark "Rex" in the office of the Secretary of the Commonwealth of Massachusetts in accordance with the laws of said Commonwealth or as to whether said Ellen M. Regis & Company registered the trademark in the United States Patent Office in accordance with the statutes of the United States, or as to whether the complainant now owns any right, title or interest to or under said registrations.

11. Defendants deny that the complainant's rights in the trademark "Rex" referred to in the bill are of the value of more than one hundred thousand dollars, or of any value. Deny that the defendants or any of them have caused or are causing complainant great or irreparable or any pecuniary loss or injury or has impaired or — threatening to impair the value of the complainant's rights in said trademark "Rex" or any trademark, or that any such injury or damage is greater than the value of three thousand dollars, exclusive of interest and costs, or is of any value. They deny that the goodwill or reputation of the complainant's said business in said "Rex" remedy or that any right of the complainant in said remedy or business is of the value greater than one hundred thousand dollars, or of any value whatever, and deny that same has been impaired by the defendants or any of them or that said defendants or any of them are threatening, by unfair competition or otherwise, to damage or injure the complainant in any way to the extent of more than three thousand dollars, or to any extent or value.

12. Defendants deny that any corporation, person, firm or association other than the complainant or its predecessors in business have had or now have a right to use the word "Rex" as a trademark or name for blood purifier or builder or remedy for dyspepsia or other ailments of the digestive organs, or for any article or preparation having the same or equivalent properties. Deny that the trade or the public have ever recognized or acquiesced in the exclusive rights or any right of the complainant or its predecessors in said trademark.

13. Defendants deny that in violation of the complainant's rights they or any of them, prior to the filing of this bill, or at all, jointly or severally, made or sold in the city of Louisville, or elsewhere, any alleged medicinal preparation which they represented to be, or sold as, a remedy for ailments of the blood or blood purifier, or builder or remedy for dyspepsia or other ailments of the digestive organs,

or that they represented same to be and sold the same as a  
27 remedy having some or all of its descriptive properties identical with and equivalent to those of the complainant's said "Rex" remedy. Deny that they have invariably, or at all, affixed and displayed upon packages in which their said preparations are offered for sale the complainant's trademark "Rex." Deny that any acts of these defendants or their predecessors in the earlier use of the word "Rex" as a trademark was used after the adoption or use of said trademark "Rex" as a trademark by E. M. Regis or any of the complainant's predecessors, and it is not true that the said trademark

"Rex" was adopted by the Theodore Rectanus Company or its predecessors without any regard to the rights which the said complainant or its predecessors may have acquired in said trademark, and deny that these defendants have jointly or severally committed, or are still committing or threatening to continue to commit, all or any acts of trademark infringement or unfair competition, or to in any way damage the complainant.

Defendants admit that Theodore Rectanus Company, a corporation engaged in the drug business in the city of Louisville, is and has been for many years putting on the market and supplying to the retail trade in the city of Louisville and elsewhere a remedy and medicinal preparation known to the public as "Rex Blood Purifier Sarsaparilla Compound" or "Rex for the Blood," which remedy is advertised to be and is a specific for all diseases arising from impure blood; that said compound was first put on the market by Theodore Rectanus, a druggist in the city of Louisville, in the year 1883, and that the defendant, Theodore Rectanus Company, in the year 1905 purchased all of the properties, good-will, trademark rights and other rights belonging to the said Theodore Rectanus in connection with said drug business, including the right to manufacture and sell "Rex Blood Purifier Sarsaparilla Compound," and the right to use said name, and that the said Theodore Rectanus continuously from the — day of —, 1883, to the 30th day of January, 1905, and the said Theodore Rectanus Company from the 30th day of January, 1905, until this date, have manufactured, offered for sale and sold said preparation under said name "Rex Blood Purifier Sarsaparilla Compound" or "Rex for the Blood;" that said name "Rex" used in connection with said preparation was a contraction of the name Rectanus and was adopted by the said Theodore Rectanus in the

first instance because his customers were accustomed at the  
28 time said name was adopted, to call him, the said Theodore Rectanus, "Rex," and preparations made by him "Rex" preparations. Defendants say that said remedy is a liquid placed in a bottle about eight by two by one inches. Each bottle is placed in a carton of yellow pasteboard on the front of which appears in letters three-fourths of an inch high the word "Rex," immediately under which appears what purports to be a picture of a German Emperor, immediately under which appears the word "Blood Purifier Sarsaparilla Compound." On the side of the box or carton appears the words "Rex for the Blood;" that in a conspicuous place on the front of the box appears a statement to the effect that said blood purifier is a remedy for twenty-one specific diseases, the next to the last of which is dyspepsia; that the "Rex" remedy said to have been acquired by the complainant from E. M. Regis & Company consists of about twenty black and white tablets apparently made of charcoal and paste of some kind, which are incased in an ordinary pill box about one inch in diameter and one-half inch deep, on the top of which box appears the words "Rex Dyspepsia Tablets."

Defendants say that no one with any intelligence, however slight, would purchase the preparation put up, offered for sale and sold by Theodore Rectanus Company under the name of "Rex Blood

Purifier" or "Rex for the Blood," thinking that he was getting "Rex Dyspepsia Tablets" as compounded and offered for sale by the complainant.

14. Defendants deny that any use by Theodore Rectanus Company of the word or trademark "Rex" upon the blood purifier above referred to is calculated to or does confuse or deceive the purchasing public into the belief that the said blood purifier is a product of, or is authorized or sanctioned by the complainant's organization or entitled to share in the confidence or reputation which the complainant's products or business may have gained, and deny that such use is calculated to or does lead the purchasing public to buy the said blood purifier manufactured by the Theodore Rectanus Company in the belief that said remedy is a product of, or authorized or sanctioned by, the complainant, and deny that such use thereby, or at all, commits a fraud upon the public or diverts from the complainant or its retail dealers sales which rightfully belong to the complainant. Defendants deny that the effect or intended effect, by the Theodore Rectanus Company, of the use of said mark "Rex" is to

29 place in the hands of retailers or clerks or employees or of the defendants, an instrument of fraud whereby the blood purifier above referred to, may be substituted fraudulently, or at all substituted for the complainant's "Rex" remedy to the great or any damage to the complainant or its retailers, or to the deception of the public.

15. Defendants say it is not true that the word "Rex" was adopted and used by Theodore Rectanus long subsequent, or at all subsequent to the adoption and use thereof by the complainant's predecessors in business.

16. Defendants deny that, subsequently to the adoption or use by the complainant or its predecessors or in disregard of the complainant's rights, the said Theodore Rectanus Company or any of the defendants fraudulently or with intent to deceive the public or to induce the public to purchase other or spurious merchandise by mistake for that of the complainant or its associated retailers, or fraudulently or deceptively to palm off these defendants' merchandise upon the purchasing public as or for the complainant's merchandise, or thereby to obtain the trade or custom of those who otherwise would purchase complainant's merchandise, or with intent to obtain any benefit from the complainant's wide-spread or expensive advertising or without having any reputation of their own, but unfairly or at all relying upon the wide-spread or any advertisement or enviable reputation or any reputation of the complainant or its associated retailers, or the demand of the public for the complainant's "Rex" remedy, or thereby to injure the complainant or seriously, or at all, damage its business and the business of its retailers or any retailers in the city of Louisville—unlawfully sold or offered for sale or are now selling or offering for sale in the city of Louisville or elsewhere, large quantities of any preparation under the trademark or name "Rex." Defendants deny that they have advertised or are still advertising or are threatening to continue to advertise, a spurious preparation or any preparation, under the name "Rex," wording their said advertise-

ment in such a manner as to make it appear deceptively that they, the said defendants, are offering for sale or selling the complainant's "Rex" remedy, and defendants deny that they have offered for sale or have sold a fraudulent preparation or any preparation as and for the complainant's "Rex" remedy or any remedy, or have offered for sale or sold any preparation for the purpose of deceiving the public or purchasers or inducing them to purchase any preparation  
 30 manufactured or offered for sale by Theodore Rectanus Company as and for any remedy of the complainant's manufacture, or that any such purchasers of Theodore Rectanus remedies desired to or would otherwise have purchased from the complainant, and deny that any purchasers are or have been thereby, or at all, deceived or misled.

Defendants deny that they have offered any spurious preparation for sale or have indicated by any advertisement that they had any spurious preparation for sale; deny that any advertisement authorized by them was intended to, or did, in fact, fraudulently, or at all, copy or imitate any advertisements or signs used by the complainant or its authorized retailers. Deny that by advertisements or by other means, or at all, the defendants or any of them have deceptively or fraudulently, or with intention to mislead the public, identified their place of business or any products there on sale with the complainant's place of business or organization or products, and deny that they thereby deceptively, or at all, induced purchasers to enter the store of the Theodore Rectanus Company or buy merchandise at said store in the belief that said purchasers were buying from one of the complainant's retailers.

Defendants say it is not true that the Theodore Rectanus Company began the use of the words "The Rex Store" only since the complainant demanded of these defendants that they cease manufacturing and offering for sale their blood purifier and deny that they have adopted the said designation, "The Rex Store" in defiance with the complainant's right or for the purpose of extorting from the complainant any money or for any purpose; but, on the contrary, defendants say that the place of business of the said Theodore Rectanus Company and its predecessor, Theodore Rectanus, has been known to the trade and public generally in the city of Louisville as "The Rex Store" since 1883, and that for more than twenty-five years said place of business has had a sign or advertisement painted thereon indicating to the public that it was "The Rex Store."

17. Defendants deny that by means of trademark infringement or unfair competition or by availing themselves of any reputation acquired or created by the complainant that they, these defendants, have succeeded in greatly, or at all, expanding the volume of their business in connection with any remedy manufactured or sold by them or in connection with which they have used the name  
 "Rex."

31 18. Defendants deny that complainant was not apprised of the existence of the business of Theodore Rectanus Company or its predecessors, or the use by it and its predecessors of the word "Rex" until recently or until the business of the defendants had ex-

panded, and defendants deny that for the purpose of availing themselves of any reputation created by the complainant that they have fraudulently, or at all, applied the complainant's trademark or name "Rex" to any blood purifier or builder, or to any products which in any manner infringe the complainant's trademark rights, or which constitute unfair or any competition with the complainant.

Defendants say that the complainant and the retail druggists to whom the complainant sells its preparations have known for more than fifteen years that the Theodore Rectanus Company and its predecessor, Theodore Rectanus, were manufacturing, offering for sale and selling said "Rex Blood Purifier Sarsaparilla Compound" or "Rex for the Blood," complained of in the bill of complaint.

19. Defendants deny that the complainant's reputation or that of its associated retailers is greatly, or at all, injured or threatened with continued or greater or any injury or damage because of the fact that these defendants have sold or offered for sale a blood purifier or builder, and they deny that they have offered for sale or sold any blood purifier or builder under any trademark or name owned or controlled by the complainant, and defendants deny that any remedy manufactured or offered for sale by them is inferior in quality to the remedies offered by the said complainant, or that any remedies offered by these defendants comprise ingredients which are deleterious to health.

20. Defendants deny that they have sold or sell their remedy known as "Rex Blood Purifier Sarsaparilla Compound" or "Rex for the Blood" under the name of the Rex Medicine Company, Louisville, Kentucky, Sole Agents for the United States, and they deny that said name fraudulently, or at all, identified their remedy with any business of the complainant.

Defendants say that Theodore Rectanus, their predecessor, did for a time, as they are informed and believe, offer for sale said remedy in packages marked the Rex Medicine Company, Louisville, Kentucky, Sole Agents for the United States, but when the Theodore Rectanus Company became proprietor of said business it discontinued

the use of said name, and that if said name has appeared on  
32 any packages containing said remedy since Theodore Rectanus Company became the proprietor of said business, it has been through an oversight and inadvertence and against the wishes and intention of all of the defendants, and they deny that said name was ever used by Theodore Rectanus Company or its predecessors for the purpose of identifying their blood purifier with the complainant's business or for the purpose of evading or attempting to evade responsibility for any product put on the market by the said Theodore Rectanus Company or its predecessors.

21. Defendants deny that they have made any gain or profit by the unlawful use or any use of the complainant's trademark "Rex."

22. For further answer defendants say that the "Rex Dyspepsia Tablets," manufactured and offered for sale by the complainant, and fully referred to in the bill of complaint as having been first manufactured by Ellen M. Regis and put on the market by the complainant and recommended by it as a remedy for dyspepsia and other dis-

eases of the digestive organs, is composed of deleterious, harmful and worthless drugs; is in reality injurious to all persons taking same; is a fraud upon the public; has long since been discredited and found to be injurious by the public and is no longer manufactured, sold or offered for sale by the complainant or anyone else; that it was never intended as a remedy for the blood or a blood purifier, and was never offered for sale as such or purchased by any one as a blood purifier, and that the complainant did not file its bill of complaint in this cause in good faith but did so for the sole and only purpose of harassing the defendants and forcing them to sell out their valuable business at a sacrifice rather than enter upon an expensive litigation in court.

23. For further answer to the bill of complaint the defendants and each of them, say that they never knew that the complainant or any of the complainant's predecessors had ever manufactured or offered for sale or sold the so-called remedy known as "Rex Dyspepsia Tablets" until a few months prior to the institution of this suit; that they and their predecessors have been manufacturing and offering for sale and selling the remedy referred to herein as "Rex Blood Purifier Sarsaparilla Compound," or "Rex for the Blood," for almost thirty years before they ever heard of the "Rex Dyspepsia Tablets"

24. referred to in the bill of complaint; that their said Blood Purifier has been sold in increasing quantities since 1883 in the city of Louisville and in the adjoining towns in Kentucky and Indiana; that the said "Rex Dyspepsia Tablets," if ever sold at all, were sold only in the vicinity of Haverhill, Massachusetts, and the surrounding towns, and were never sold or offered for sale within one thousand miles of Louisville, Kentucky, or in one thousand miles of any vicinity where these defendants' blood purifier was sold or offered for sale, until after the complainant decided to institute this litigation.

Defendants say that prior to the enactment of the pure food law by the Congress of the United States the carton in which their said remedy known as "Rex Blood Purifier Sarsaparilla Compound" was encased had printed thereon the words "Rex German Blood Purifier, Sarsaparilla Compound," but that since the enactment of said law the word "German" has been stricken out and eliminated.

24. Defendants say that neither the complainant nor any of its predecessors who have manufactured, offered for sale or sold said "Rex Dyspepsia Tablets" have placed thereon any mark or sign to indicate that said trademark had been registered in the United States Patent Office as required by law.

25. Defendants say that Theodore Rectanus Company and its predecessors in business in the manufacture and sale of said blood purifier, and in putting same on the market and in advertising and popularizing same, have expended many thousand dollars, all of which has been expended without any intimation that Ellen M. Regis or her successors were manufacturing or putting on the market the remedy referred to in the bill of complaint as "Rex Dyspepsia Tablets," and that as a result of said efforts on their behalf and said expenditures of money they have built up a valuable trade for their said blood purifier, and that if they are enjoined from continuing

the sale of same the complainant will reap the benefit of their said efforts and expenditures without having exerted itself in any way or expended any sum whatever; that such an injunction against these defendants or any of them, will not in any manner aid the complainant in selling the "Rex Dyspepsia Tablets," but will greatly aid the defendant in selling remedies other than its "Rex Dyspepsia Tablets."

Having thus made full answer to all the matters and things contained in the bill, these defendants and each of them pray to  
34 be dismissed hence with their respective costs in this behalf expended.

THEODORE RECTANUS COMPANY,  
M. S. PRESTON,  
C. A. DRALLE,  
OTTO K. DIETRICH,  
By C. B. BLAKEY, *Counsel for Defendants.*

BLAKEY, QUIN & LEWIS,  
*Of Counsel.*

*Motion of Defendants to Strike Out Parts of Complainant's Bill.*

Filed February 15, 1913. A. G. Ronald, Clerk.

Comes the defendant, Theodore Rectanus Company, and moves the Court to strike out the following portions of the complainant's bill:

First. All that portion of clause two from the beginning thereof down to and including the words "over the entire United States," said words being the last words of the paragraph immediately preceding the last paragraph of said clause two.

Second. All that portion of clause three from the beginning thereof through the first paragraph and ending with the words "or is affixed."

Third. All of clause nine.

Fourth. All that portion of clause sixteen beginning on page 22 of the bill at line 9 with the words "defendants use in certain of their advertisements" and extending through the remainder of said clause ending with the words "unfair competition herein complained of."

Fifth. Also that portion of clause 18 beginning on page 24 of said bill at line 11 of said page with the words "In the expansion of said business" and including the following six lines ending with the words "unfair competition with your orator."

Also the words "or any other product" which appears on  
35 page 24 of said bill in the 6th line from the bottom thereof.

Sixth. Also all of clause 20 of said bill.

And as grounds for said motion, defendant says that none of said portions of said bill are pertinent or relevant to the cause of complaint set up by the complainant and none are essential to the com-



plainant's cause of action or the relief sought and all are impertinent and scandalous.

C. B. BLAKEY,  
*Attorney for Defendant.*

*Order Overruling Demurrers and Motions of the Defendants.*

Filed and Entered March 10, 1913. A. G. Ronald, Clerk.

This cause coming on to be heard upon the demurrer filed January 6th, 1913, by Theodore Rectanus Company to the bill of complaint, and which demurrer, inasmuch as it was not argued before February 1st, 1913, we shall treat as said defendant's motion to dismiss the bill of complaint; also the motion of Theodore Rectanus Company to strike out certain separately described parts of the bill; also upon the demurrer filed January 6, 1913, by the defendants, N. S. Preston, C. A. Dralle and Otto K. Dietrich, to bill of complaint, and upon the motion of the said three last named defendants to dismiss the bill as to them, which motion was made on February 15th, 1913, all of the same were argued by counsel, and upon consideration thereof and the Court being sufficiently advised, delivered its opinion, which is filed, and pursuant thereto it is now ordered, adjudged and decreed by the Court as follows, namely, first, that the demurrer of the defendant Theodore Rectanus Company, whether treated as a demurrer proper or as a motion to dismiss the bill, should be and it is overruled; second, that the motion of the said defendant Theodore Rectanus Company to strike out several parts of the said bill should be and it is overruled; third, 36 that the demurrer of N. S. Preston, C. A. Dralle and Otto K. Dietrich to the bill of complaint should be and it is overruled, and fourth, that the motion of the said three last defendants to dismiss the bill should be and it is denied and overruled.

*Opinion on Demurrers and Motions to Strike Out Parts of Bill.*

Filed March 10, 1913. By Evans, J.

The bill in this case, while probably with unnecessary diffusiveness stating complainant's cause of action, differs but little from the current habit. But it seems to state a single cause of action against all the defendants jointly. Ordinarily of course it is not proper to sue the officers or individual stockholders of a corporation upon a cause of action against the corporation alone. In this case, however, the defendants are sued jointly upon a complaint that all of them, in their individual capacities as well as jointly, have committed and are continuing to commit the wrongs complained of in reference to the complainant's trade mark. Assuming, as we must, for this occasion, that the averments of the bill are true, we think for the reason indicated that the demurrers and the motions to dismiss must all be overruled.



As to the various motions to strike out parts of the bill, it may be said that apparently the main if not the only objection to the matters sought to be stricken out, as argued orally and by brief upon defendant's part, is that the bill extols the virtues of the merchandise in connection with which complainant's trademark is used. But this is a customary mode of pleading in such cases. The value of the trademark is shown in the way indicated with a view to a basis for the accounting to the damages, profits, etc., prayed for in the bill. If the trademark is of no value, the damages and profits might be merely nominal, but if the trademark has acquired  
 37 great value and expanded reputation a different result may be inevitable.

We think the motions to strike out parts of the bill should all be overruled, and an order accordingly will be entered.

WALTER EVANS, *Judge*.

*Motion of Complainant for Extension of Time to File Depositions.*

Filed May 17, 1913. A. G. Ronald, Clerk.

Complainant by counsel moves the Court for an extension of time until Tuesday, May 20, for the filing of the depositions of the complainant.

*Affidavit of Louis B. Wehle in Support of Motion to Extend Time to File Depositions.*

Filed May 17, 1913. A. G. Ronald, Clerk.

STATE OF KENTUCKY,

*County of Jefferson, ss:*

Louis B. Wehle being duly sworn deposes and says that he is a member of the firm of Wehle & Wehle of Louisville, Ky.

The affiant in support of the complainant's motion for extension of time for filing of complainant's depositions, says that on  
 38 April 3rd, 1913, the affiant moved the Court for leave to take testimony by deposition in Boston and other points in the New England States, of certain named witnesses, which motion was then and there sustained; that Mr. Clayton B. Blakey, counsel for defendants especially requested at that time, to-wit: April 3rd, owing to the length of the list of the witnesses whose testimony was so to be taken, that in drawing the order to be entered, counsel for complainant should group together the names of the three witnesses named Regis and the names of the President, General Manager and Sales Manager of the complainant; that the affiant willingly acceded to this request in open court; that this affiant did not know the names of the President, General Manager and Sales Manager of the United Drug Company, and that it was necessary for him to wire and write to the firm of Emery, Booth, Janney & Varney in Boston in order to get the information necessary for the drawing

of the order in accordance with the wishes of counsel for defendant; that exercising every diligence, the affiant was unable to obtain this information before April 7th, 1913, and that an order drawn upon the basis of this information and containing the names of witnesses grouped in accordance with the request of counsel for defendant, was finally delivered by this affiant to the Clerk of the United States District Court on April 8th, which was the earliest possible date at which the said order could have been so drawn and delivered, following the receipt of the information necessitated by request of defendant's counsel; that owing to the circumstances just herein described, the actual drawing of the order and its delivery for the taking of testimony by deposition was delayed from April 3rd, 1913, to April 8th, 1913, and that thereby the taking of the depositions of the witnesses named in the order was necessarily delayed from the week of April 7th to the week of April 14.

LOUIS B. WEHLE.

Subscribed and sworn to by Louis B. Wehle before me a notary public in and for the State and County aforesaid, this 16th day of April, 1913. My commission expires next session of Senate.

A. A. HINKLE.

39 *Affidavit of Laurence A. Janney in Support of Motion to Extend Time to File Depositions.*

Filed May 17, 1913. A. G. Ronald, Clerk.

COMMONWEALTH OF MASSACHUSETTS,  
*County of Suffolk, ss:*

Laurence A. Janney, being duly sworn, deposes and says that he is a member of the firm of Emery, Booth, Janney & Varney, 50 Congress Street, Boston, Massachusetts, and that he has personally, as Counsel for the United Drug Company, had active charge of the above entitled suit.

Affiant has just received from Louis B. Wehle, Esq., solicitor for complainant in Louisville, Kentucky, a copy of a letter dated May 12, 1913, addressed by the defendant's counsel to Mr. A. G. Ronald, Clerk United States District Court, Louisville, Kentucky, and stating that "the sixty days' time allowed the complainant within which to take proof by depositions will expire on May 13, 1913." This is a matter of great surprise to affiant who has had charge of the taking of complainant's depositions, permission to do which was granted by order of the Court entered April 3, 1913. It appears on the docket of affiant's firm, that the defendants' answer in this suit was filed on March 18, 1913. This docket is a regularly kept record book in which dates are entered in the regular course of business, and it is intended and supposed to be accurate in every respect. The docket entry has been relied upon in the taking of complainant's depositions as is practically invariably the case according to affiant's office practice. Following the docket entry re-

ferred to, the complainant's time for taking and filing depositions does not expire until May 17, 1913; affiant has caused complainant's depositions to be taken with a view to filing them on May 17th and they will be forwarded by affiant in season to arrive in Louisville on May 17, 1913.

Affiant's office, during his absence in Washington, D. C., received a copy of defendants' answer on March 19, 1913, the same having been sent by affiant's Louisville, Kentucky representative, Mr. Wehle. The letter of transmittal from Mr. Wehle did not state the date upon which the answer was filed. Through some clerical error, and in affiant's absence from the office, the docket entry was made to the effect that the answer was filed upon March 18, 1913, and affiant relied upon that entry upon his return to his office.

Affiant has proceeded with the utmost diligence in the taking of complainant's depositions. Promptly after receipt of a copy of the answer and such investigation thereof as enabled affiant  
40 to ascertain the issues upon which proofs would require to be adduced, affiant caused to be brought a motion for leave to take depositions under the new equity rules. This motion was granted by order of the Court entered April 3, 1913. In said order it was specifically stated that complainant's depositions should be taken beginning on Tuesday, April 15, 1913. Affiant did, in fact, cause complainant's depositions to be begun on Tuesday, April 15, 1913, in accordance with the Court's order and the hearing at that time was *intended* by counsel representing the defendants. Since that date one deposition aggregating sixty-five pages including an extensive cross-examination, and also fifteen other depositions have been taken. The witnesses who have given these depositions have been located some of them in Lynn, Massachusetts, several in Haverhill, Massachusetts, one in Providence, Rhode Island, and one in Rutland, Vermont, and affiant's assistant, Mr. Moulton, has been required to go to these several places in order to take the depositions. In a number of cases it has been difficult to procure the attendance of witnesses at the desired times and some time has been unavoidably lost for this reason. Furthermore, in order to economize the time of counsel and the witnesses, and to facilitate the taking of the testimony of a number of elderly witnesses in their own homes, the depositions have been taken stenographically, this requiring the stenographic notes to be transcribed and then sent to the Notaries before whom the testimony was taken, to be read over to the witnesses and then signed and returned to affiant's office. All these matters have consumed a great deal of time, but affiant and his assistant, Mr. Moulton, have prosecuted the entire matter with the greatest diligence.

Complainant now moves that its time for filing depositions be extended to and including May 17, 1913. This motion is not brought for mere purposes of unnecessary delay but is brought in good faith to avoid the very great hardship which would arise from the denial of admission of the depositions.

Affiant is informed that the defendants have moved for a trial

of this cause beginning on or about May 23rd, 1913. Affiant is the only one who is sufficiently familiar with the circumstances of the case to represent the complainant at the trial and it is absolutely impossible for affiant to leave Boston prior to about the second week in June. Affiant is expecting an addition to his family about the 22nd of May, and for that reason it is imperative that he remain at home in Boston for at least the next three weeks.

And further deponent sayeth not.

LAURENCE A. JANNEY.

Subscribed and sworn to before me this 14th day of May, A. D., 1913.

JOHN I. WARDEN,  
*Notary Public.*

*Order Extending Time to File Depositions.*

Entered May 17, 1913. Evans, J.

This day came the complainant by counsel and moved the Court to extend the time to and including May 17th to file its depositions herein, and in support of said motion filed the affidavit of Laurence A. Janney, and the Court being sufficiently advised thereof; it is ordered that said motion be sustained and that the plaintiff be given until to and including the 17th day of May in which to file its depositions herein.

The Complainant also moved the Court for an order directing the Clerk to set this case upon the trial docket for some day in the month of October, 1913, and in support thereof filed the affidavit of Louis B. Wehle, and the Court now being sufficiently advised, it is considered and adjudged that said motion be and it is now overruled.

*Motion to Quash and Suppress Deposition of Louis I. Schreiner.*

Filed July 8, 1913. A. G. Ronald, Clerk.

Come the defendants and move the Court to quash and suppress the deposition of Louis I. Schreiner, for the reason that same was taken on the 15th day of May, 1913, which was more than sixty days after the above styled case was at issue, and after the time had expired within which the complainant was authorized to take depositions under the equity rules.

The affidavit of C. B. Blakey is filed herewith in support of said motion.

C. B. BLAKEY,  
*Attorney for Defendants.*

*Affidavit in Support of Motion to Suppress Deposition of Louis Schreiner.*

Filed July 8, 1913. A. G. Ronald, Clerk.

*Affidavit.*

Affiant, C. B. Blakey, says that he is one of the counsel for the defendants herein, and that on the third day of July, 1913, he notified Mr. Louis B. Wehle, one of the counsel for complainant, that he would, on behalf of the defendants, move the Court when the case was called for trial on July 8, 1913, for an order quashing and suppressing the deposition of Louis I. Schreiner, and that on the same date he mailed a letter to the firm of Wehle & Wehle, counsel for the complainant, stating that he would make such motion.

C. B. BLAKEY.

Subscribed and sworn to before me by C. B. Blakey, this 7th day of July, 1913. My notarial commission expires January 10, 1914.

HOUSTON QUIN,

*Notary Public, Jefferson County, Kentucky.*

43      *Order Overruling Defendant's Motion to Suppress Deposition of Louis I. Schreiner.*

Entered July 8, 1913. Evans, J.

This day came the defendant- by Clayton B. Blakey, their counsel, and moved the Court to suppress the depositions of Louis Schreiner and Ellen M. Regis, and in support of said motion filed the affidavit of said Clayton B. Blakey, and the Court now being sufficiently advised in the premises, it is ordered, considered and adjudged that said motion be and the same is now overruled.

The defendant also tendered to the Court exceptions to the depositions of Ellen M. Regis, Louis I. Schriener, Annie J. Regis, James M. Smith, Alice W. Dewhirst, Ira O. Sawyer, Daniel E. Marcotte, William E. Marcotte, Maria E. Robinson, Margaret A. Chase, Alice J. Phillips, Mary H. Flood, Cordelia Marcotte, also exceptions to Exhibit No. 20 filed by the complainant and marked "U. D. Co. Exhibit No. 20, Regis vs. Jaynes, Opinion," to Exhibit No. 21, marked "U. D. Co. Exhibit No. 21, Master's Report in Regis vs. Jaynes," to Exhibit No. 22 marked "U. D. Co. Exhibit No. 22, Regis v. U. D. Co. Decision," to Exhibit No. 23 marked "U. D. Co. Exhibit No. 23, Regis Massachusetts Registration," to Exhibit No. 24 marked "U. D. Co., Exhibit No. 24, Regis U. S. Registration," to Exhibit No. 25 marked U. D. Co. Exhibit No. 25, Bryant-Brannon Marriage Certificate," to Exhibit No. 26 marked "U. D. Co. Exhibit No. 26, John Rigney death certificate," two exhibits referred to in the Answer to question 126 of the deposition of Annie J. Regis and designated "United Drug Co. Exhibit Nos. 13 to 16, inclusive, Regis Advertisement."

circulars," also to Exhibit No. 17 "United Drug Co. Exhibit No. 17, marriage certificate of Delanger and Ida H. Marcotte, also to Exhibits Nos. 18 and 19, being the marriage certificate of Lucy C. Austin and Wilnot S. Carr, referred to in answer to question 11 in the deposition of Lucy C. Carr; and birth certificate of Bessie L. Carr referred to in answer to question 33 in the deposition of James M. Smith, also to Exhibit Nos. 27, 28, 29, 30 and 31, all of said Exhibits being designated as "Catholic Calendar," which are now ordered filed.

Both parties having announced ready for trial the evidence offered by the complainant and the defendants was heard by the Court both orally and by depositions and there not being sufficient time to conclude the hearing of the same, the cause was passed until tomorrow morning — further hearing.

44 *Defendants' Exceptions to Deposition of Louis I. Schreiner.*

Filed July 8, 1913. A. G. Ronald, Clerk.

Come the defendants and object and except to the entire deposition of Louis I. Schreiner, a witness for the complainant, because said deposition was taken after the sixty days' time had expired within which the complainant, under the rules of Court, was authorized to take depositions.

And without waiving the foregoing objections, the defendants also object and except to the following portions of the deposition of said Louis I. Schreiner, a witness for the complainant:

The last half of the answer to question 19, because said evidence is irrelevant, immaterial and speculative.

Question 36, and the answer thereto, because said evidence is irrelevant and immaterial, and the further reason that it is not shown that the Rexall stores in the various towns mentioned, have for sale Rexall Dyspepsia Tablets.

Questions 37, 38, 39, 40 and 41, and the answers thereto, because said evidence is irrelevant and immaterial, and because it is not shown that Rexall Dyspepsia Tablets are offered for sale, at the Rexall stores mentioned, nor that the sign mentioned appeared on any store where the Rexall Dyspepsia Tablets are offered for sale. Also to the exhibits referred to and offered under interrogatories 40 and 42, and marked "Complainant's Exhibit, Rexall Store Window Sign," "Complainant's Exhibit, Providence, R. I., Rexall Store," and "Complainant's Exhibit, Granite, Oklahoma, Rexall Store," for the reason that it is not shown that the Rex Dyspepsia Tablets were offered for sale in any store on which the said signs appeared.

Also Question 42, and the answer thereto, because said evidence is irrelevant and immaterial, it being wholly immaterial what class of ingredients or machinery complainant uses in the manufacture of any of its goods except Rex Dyspepsia Tablets.

Also Questions 48, 49, 51, 52, 53, 54, and 55, and the answers thereto, for the reason that the witness did not sufficiently qualify himself as an expert, or as having sufficient scientific knowledge of the therapeutic effect of medicines, to entitle him to testify concern-

ing same, and for the further reason that the books produced by him and read from are not shown by any competent witness to be edited or published by reputable or accepted authorities in the medical world, said books are not shown by the witness to be works of science accepted by the medical profession as authority on the subjects of which they treat, and said books and the extracts read from them are not the best evidence, but are hearsay, merely express the opinions of authors, which opinions are not given under oath, and no opportunity was given defendants to cross-examine the authors of said books.

Also Questions 59, and the answer thereto, because said evidence is irrelevant and immaterial; because it is not shown that the retailers who handle the goods of the complainant, and who are referred to in said question and answer, are offering to sell the Rex Dyspepsia Tablets referred to in the Bill of Complaint, and because both the question and the answer are predicated on the fact that the defendants are infringing some right of the complainant in the word "Rexall," or the trademark "Rex" of the complainant and its business under the word "Rexall."

C. B. BLAKEY,  
*Attorney for Defendants.*

*Defendants' Exceptions to Deposition of Ellen M. Regis.*

Filed July 8, 1913. A. G. Ronald, Clerk,

Come the defendants and except and object to the following portions of the deposition of Ellen M. Regis:

Question 30, and the answer thereto, because said evidence is irrelevant, immaterial, incompetent and hearsay.

Question 42, and the answer thereto, because said evidence is irrelevant, immaterial, incompetent and hearsay.

Question 45, and the answer thereto, because the question is leading, and because the evidence is irrelevant, immaterial, incompetent and hearsay, and intended only to show that the Regis Remedy was reputed to be adapted to the treatment of certain ailments.

Question 46, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

46 Questions 91, 92, 93, 94, 95, 96, 97, and 98, because said evidence is irrelevant, immaterial and incompetent, and as to 92 to 98, inclusive, the answers are hearsay evidence, and not the best evidence.

To the answer to Question 249, because said answer is not responsive to the question, and is hearsay.

Questions 451, 452, 453, 454, 455, 456, 457, 458, 459 and 460 and the answers thereto, because all of said evidence is irrelevant, immaterial and incompetent, and is not the best evidence, because much of it concerns matters of public record, the record being the best evidence, and because many of the answers are unresponsive to the questions asked.

C. B. BLAKEY,  
*Attorney for Defendants.*

*Defendants' Exceptions to Deposition of Annie J. Regis.*

Filed July 8, 1913. A. G. Ronald, Clerk.

Come the defendants and object and except to the following portions of the deposition of Annie J. Regis, a witness on behalf of the complainant:

Question 17 and the answer thereto, because said evidence is hearsay evidence, and irrelevant and immaterial.

Questions 77, 78 and 79, and the answers thereto, because said evidence is hearsay, irrelevant and immaterial.

Question 95 and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

Questions 119 and 120, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay, and pertains to a matter of record, which record was not produced by the witness.

Question 139, and the answer thereto, because said evidence is not the best evidence, and concerns records which are not produced by the witness.

47 Also the following portions of the deposition of Ida M. Belanger, a witness for the complainant:

Questions 30, 31, 32, 33, 34, 35, 36 and 37, because said evidence is irrelevant, immaterial and hearsay.

Question 60, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of James M. Smith, a witness for the complainant:

Question 14, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

Questions 19, 20, 21, and 22, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Mrs. Alice W. Dewhirst, a witness for the complainant:

Questions 15 and 16, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Question 25, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Ira O. Sawyer, a witness for the complainant:

Questions 18 and 19, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Daniel E. Marcotte, a witness for the complainant:

Questions 18, 19, 20, 21, 22, 23, 24 and 25, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of William E. Marcotte, a witness for the complainant:

Question 18, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

Question 23, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.



Also the following portions of the deposition of Maria E. Robinson, a witness for the complainant:

Questions 42 and 43, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Mrs. Margaret A. Chase, a witness for the complainant:

Questions 29, 40, 41, 46, 49 and 50 and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Mrs. Alice J. Phillips, a witness for the complainant:

Question 17, and the answer thereto, because said evidence is irrelevant, immaterial, and hearsay.

48 Also the following portions of the deposition of Mrs. Mary

H. Flood, a witness for the complainant:

Questions 26 and 28, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

Also the following portions of the deposition of Cordelia Marcotte, a witness for the complainant:

Questions 14, 20, and 28, and the answers thereto, because said evidence is irrelevant, immaterial, and hearsay.

C. B. BLAKEY,

*Attorney for Defendants.*

*Defendants' Exceptions to Complainant's Exhibits.*

Filed July 8, 1913. A. G. Ronald, Clerk.

Come the defendants and object and except to the exhibit offered by counsel for the complainant, and referred to as a certified copy of the opinion of the Supreme Judicial Court of Massachusetts, in suit of Ellen M. Regis vs. H. A. Jaynes & Co., and marked, "U. D. Co. Exhibit No. 20, Regis vs. Jaynes Opinion," for the reason that said exhibit is irrelevant, and the method of its production irregular, same not being produced by any competent witness, and it not appearing that said Court is a Court of Record.

Also the exhibit offered by counsel for the complainant, and referred to as a certified copy of the reservation, bill of complaint, certain exhibits, answer, and report of the master in the suit of E. M. Regis and Joseph F. Regis vs. H. A. Jaynes & Co., et al., in the Supreme Judicial Court of Massachusetts, and marked, "U. D. Co. Exhibit No. 21, Master's Report in Regis vs. Jaynes," because the same is irrelevant, and the method of its production irregular, same not

49 being produced by any competent witness, and it not appearing that said Court is a Court of Record.

Also the exhibit filed by counsel for the complainant and referred to as a certified copy of the findings of fact, with memoranda of decision and order for interlocutory decree in the suit of E. M. Regis vs. United Drug Co., and marked, "U. D. Co. Exhibit No. 22, Regis vs. U. D. Co. Decision," because same is irrelevant, and the method of its production irregular, same not being produced by any

competent witness, and it not appearing that said Court is a Court of Record.

Also to the exhibit offered by counsel for complainant, and referred to as a copy of certificate of registration in the Commonwealth of Massachusetts of the trademark "Rex" in the name of E. M. Regis, of Haverhill, the same being numbered 673 and dated September 27, 1898, and marked, "U. D. Co. Exhibit No. 23, Regis Massachusetts Registration," because same is irrelevant, and the method of its production irregular, same not being produced by any competent witness.

Also to the exhibit offered by counsel for the complainant, and referred to as a Patent Office copy of trademark registration No. 35,503, registered November 27, 1900, in the name of E. M. Regis & Company of the trademark Rex, and marked, "U. D. Co. Exhibit No. 24, Regis U. S. Registration," because same is irrelevant, and the method of its production irregular, same not being produced by any competent witness.

Also to the exhibit offered by counsel for the complainant, and described as a certified copy of the marriage record in the custody of the City Clerk of the City of Haverhill, State of Massachusetts, in respect to the marriage of John Cullen Bryant and Amelia Brannon, April 25, 1887, and marked, "U. D. Co. Exhibit No. 25, Bryant-Brannon Marriage Certificate," because same is irrelevant, and the method of its production irregular, same not having been produced by any competent witness, and it not appearing that such certificates are required to be recorded.

Also to the exhibit offered by counsel for the complainant, and referred to as a certificate from the records of Births, Marriages and Deaths in the custody of the City Clerk of Haverhill, Massachusetts, in respect to the death of John Rigney on December 8, 1897, marked, "U. D. Co. Exhibit No. 26, John Rigney Death Certificate," because same is irrelevant, and the method of its production irregular, same not being produced by any competent witness, and  
50 it not appearing that such certificates are required to be recorded.

Also to the exhibits referred to in the answer to question 126 of the deposition of Annie J. Regis, and designated "United Drug Company Exhibits Nos. 13 to 16, inclusive, Regis Advertising Circular," because same were not produced by a competent witness or a witness who was a member of the firm of E. M. Regis & Company, or anyone said to have caused said circular to be issued, and because said circulars are largely made up of testimonials from persons who have not testified in this case, and same in reality constitute an attempt to inject hearsay evidence into the record.

Also to the exhibit referred to in answer to Interrogatory numbered 17 of the deposition of Ida M. Belanger as "United Drug Company Exhibit No. 17, Marriage Certificate of Henry Belanger and Ida H. Marcotte," because same is irrelevant and immaterial and said certificate is not produced by any competent witness, and it not appearing that such certificates are required to be recorded. For the same reasons, defendants object and except to exhibits numbered 18 and 19, being the marriage certificate of Lucy C. Austin and

Wilmot S. Carr, referred to in answer to Question 11 in the deposition of Lucy C. Carr; and birth certificate of Bessie L. Carr, referred to in answer to Question 33 in the deposition of James M. Smith.

Defendants also object and except to exhibits Nos. 27, 28, 29, 30, and 31, offered by counsel for the complainant at the close of the deposition of Annie J. Regis, all of said exhibits being designated as "Catholic Calendar," for the reason that said exhibits were not produced by any witness, but were produced by counsel for the complainant; for the reason that same were not produced by any person connected with the publication of the Catholic Calendar, and for the reason that it is not shown that said Catholic Calendar was ever circulated, or that the articles appearing therein did in reality constitute an advertisement of the Rex Dyspepsia Tablets.

C. B. BLAKEY,

*Attorney for Defendants.*

51      *Order on Defendants' Exceptions to Plaintiff's Depositions.*

Entered July 11, 1913.    Evans, J.

The Court being now sufficiently advised of the numerous exceptions filed by the defendants to the depositions taken by the plaintiff and filed in this cause, it is ordered, adjudged and decreed that the exceptions to the deposition of Ellen M. Regis be and they are disposed of as follows, to wit, the exceptions to questions and answers numbers 30 and 91 are overruled, to which the defendants except, but their exceptions to questions and answers numbers 42, 45, 46, 92, 93, 94, 95, 96, 97, 98, 249, 451, 452, 453, 454, 455, 456, 457, 458, 459 and 460 are each sustained to each part of which ruling the plaintiff excepts.

The further exceptions of the defendants to the reading as evidence by the plaintiff of certain exhibits filed with various depositions the plaintiff had taken are disposed of as follows, namely, the exceptions to the reading of certificate of registration of the trademark Rex in the United States Patent Office in 1900, the exceptions to the reading as an aid to the memory of the certificate of marriage of John Cullen Bryant and Emily Brannon, the exceptions to the reading of the certificate of the death of John Rigney, the exceptions to the reading of such parts as were in fact read of the exhibits numbers 13 to 16 inclusive filed with the deposition of Annie J. Regis, the exceptions to the reading of the marriage certificate of Henry Belanger and Ida H. Marcotte and the exceptions to the reading of such parts of various Catholic Calendars as were in fact read as shown by the order of submission are each and all overruled, to all and each part of which the defendants except. While it is probably usual in cases like this to read records of judicial proceedings between other persons, such as are offered in this case, yet as the records from the Supreme Judicial Court of Massachusetts were not considered as important by the Court nor given any weight in the determination of the questions involved, the exceptions of the

defendant to each of those exhibits are sustained, to all of which the plaintiff excepts.

It is further adjudged by the Court that the exceptions to questions and answers numbers 19, 36, 37, 38, 39, 40 and 41, and to the exhibits referred to in the interrogatory and answer thereto number 40 of the deposition of Louis I. Schreiner and also to questions and answers thereto numbers 48, 49, 51, 52, 53, 54, 55 and 59 in said deposition are each and all overruled, to which the defendants except. The defendants' exception to question 42 and the answer thereto is sustained.

The Court notes that no exhibit was filed with the answer to question 42.

It is further ordered and adjudged that the defendants' exceptions to questions and answers numbers 17, 95 and 139 of the deposition of Annie J. Regis should be and they are overruled, to which the defendants except, but the exceptions to questions and answers numbers 77, 78, 79, 119 and 120 of said deposition are each and all sustained, to which the plaintiff excepts.

It is further ordered and adjudged that defendants' exceptions to questions and answers numbers 32, 33, 34, 35, 36, 37 and 60 of the deposition of Ida M. Belanger be and they are overruled, to which the defendants except, but the defendants' exceptions to questions and answers numbers 30 and 31 of said deposition should be and they are sustained, to which the plaintiff excepts.

It is further ordered and adjudged that defendants' exceptions to questions and answers 14, 19 and 20 of the deposition of James M. Smith be and they are overruled, to which the defendants except, but that their exceptions to questions and answers numbers 21 and 22 in said deposition are sustained, to which the plaintiff excepts.

It is further ordered and adjudged that defendant's exceptions to questions and answers numbers 15 and 25 of the deposition of Alice W. Dewhirst be and they are overruled, to which the defendants except, but that their exception to question and answer number 16 of said deposition should be and it is sustained, to which the plaintiff excepts.

It is further ordered and adjudged that the defendants' exceptions to questions and answers numbers 18 and 19 of the deposition of Ira O. Sawyer be and they are sustained, to which the plaintiff excepts.

It is further ordered and adjudged that defendants' exceptions to questions and answers numbers 19, 20, 21, 22, 23, 24 and 25 of the deposition of Daniel E. Marcotte be and they are each overruled, to which the defendants except, but that their exceptions to question and answer number 18 should be and it is sustained, to which the plaintiff excepts.

It is further ordered and adjudged that defendants' exceptions to questions and answers numbers 18 and 23 of the deposition of William E. Marcotte be and they are each overruled, to which the defendants except.

It is further ordered and adjudged that defendants' excep-

53        tions to questions 42 and 43 of the deposition of Maria E. Robinson should be and they are overruled, to which the defendants except.

It is further ordered and adjudged that the defendants' exceptions to questions and answers numbers 29, 40, 41, 46, 49 and 50 of the deposition of Mrs. Margaret A. Chase should be and they are sustained, to all of which the plaintiff excepts.

It is further ordered and adjudged that the defendants' exceptions to questions and answer number 17 of the deposition of Mrs. Alice J. Phillips should be and they are sustained, to which the plaintiff excepts.

It is further ordered and adjudged that the exceptions of the defendants to questions 26 and 28 of the deposition of Mary H. Flood should be and they are sustained, to which the plaintiff excepts.

It is further ordered and adjudged that the defendants' exceptions to questions 14, 20 and 28 of the deposition of Cornelia Marcotte should be and they are each overruled, to which the defendants except.

The first exception to the deposition of Louis I. Schreiner set forth in the written exceptions filed was disposed of at the hearing, and the reason therefor given at the time. This matter can be taken care of when the record for any appellate proceeding shall be made up.

*Memorandum Opinion on Final Hearing.*

Filed July 11, 1913.    Evans, J.

A very careful consideration of the testimony has led us to the conclusion, and we so find the fact to be, that prior to 1880 Mrs. Ellen M. Regis commenced in a somewhat crude and simple way the use of the word Rex as her trademark, and that she used it in commerce and trade up to the time when she sold her trademark and business of the plaintiff. Since before 1880 these two persons in succession have used the word Rex as a trademark in connection with a medicinal preparation made by Mrs. Regis, and which trademark came to indicate its origin.

54        Equally clearly, we think, the testimony warrants the finding and we accordingly find that Theodore Rectanus (to whose rights, if any, the defendant, Theodore Rectanus Company has succeeded) in 1883, through a play upon his own name, adopted the word as his trademark upon another though somewhat closely related medicinal preparation. The use of this trademark has also been continued to this date by Rectanus and the defendant company which succeeded him. The adoption and use by Rectanus of the word Rex, as his trademark was a perfectly innocent act done without any knowledge of the trademark previously adopted by Mrs. Regis. The trademark of the latter was duly registered in the Patent Office in 1900. That of Rectanus has never been registered at all.

In our broadly extended country the separate and independent use of these two trademarks ran along contemporaneously in widely

separated localities without either of the parties most interested knowing what the other was doing, until a comparatively few months before this action was brought. The judgment in this case, we think, must necessarily work a hardship upon one or the other of the parties, and possibly upon both. But notwithstanding that probable result, we are clearly of opinion that the facts stated require us, under the express mandate of the authorities presently to be cited, to hold that the right of the plaintiff to the exclusive use of the word Rex in connection with medicinal preparations for dyspepsia and kindred diseases of the stomach and digestive organs must be sustained. The following among many cases, while requiring that judgment, also show that while an injunction against the future use of the word Rex in connection with the character of preparations indicated should be granted, no accounting for profits, nor any assessment of damages for unfair trade, need, on the facts found, be decreed. *Saxleheimer vs. Eisner & Mendelson Co.*, 179 U. S., 19, 39, *Saxleheimer vs. Siegel-Cooper Co.*, 179 U. S. 42, *Menendez vs. Holt*, 128 U. S. 514, *McLean vs. Fleming*, 96 U. S., 245.

We also have reached the conclusion that the authorities require us to hold that the articles upon which the defendant, Theodore Rectanus Company uses the word Rex are sufficiently related to the plaintiff's Rex Dyspepsia Tablets as to bring  
55 that use within the reach of the injunctive relief to be awarded. *American Tobacco Co. vs. Polasek*, 170 Fed. 117, and cases cited.

And this is so although one class of preparations are fluids and the other usually solids, though they have sometimes been fluids.

We find that the testimony does not sustain that one of the defenses set up in the answer to the effect that the plaintiff's Rex Dyspepsia Tablets are made from drugs which are deleterious, harmful or worthless. The criticism of these drugs went rather to the possibility that they might be erroneously prescribed or administered, but we think the issues in this case can not properly have anything to do with the wrongful use of the tablets or the drugs they contain. Any poisonous drug, useful though it may be in appropriate doses, would be extremely dangerous, deleterious and harmful if unwisely or ignorantly prescribed in improper quantities. We think the testimony shows that ox gall is, per se, beneficial in certain cases, and that it is harmful only when ignorantly or unwisely prescribed.

We are of the opinion that the testimony is not sufficient to support a judgment against the individual defendants, and the bill as to them will be dismissed. We think that the conduct of those defendants in the premises should fairly be imputed to the corporation defendant only. We mean this remark to apply to what they have done up to this date only.

The plaintiff is entitled to a decree enjoining the Theodore Rectanus Company and all of its officers, agents and employees from in any wise using the word Rex upon any of the preparations in respect to which they have heretofore used it, and upon any advertisements or dressing of such preparations. The use by said defendant of the

word Rex upon any preparation for the cure of dyspepsia or kindred diseases of the stomach and digestive organs should also be enjoined. The judgment, however, should provide that such injunction does not apply to any sale by the defendant Theodore Rectanus Company of the Rex Blood Purifier or the Rex Celery and Iron Compound heretofore made and labeled by it or its predecessor, provided that before such sales and before any negotiations for such sales the word Rex is utterly and entirely obliterated therefrom. The decree should further provide that the injunction does not in any way prevent the manufacture or sale in the future by said defendant of either of the two last named preparations, provided that the word

56 Rex is not used in connection therewith nor upon any wrapper or dress thereon, nor in any advertisements thereof.

The plaintiff will recover its costs against the Theodore Rectanus Company. The defendants, M. S. Preston, C. A. Dralle and Otto K. Dietrich, will recover any separate costs they may have individually incurred.

*Final Decree.*

Entered July 11, 1913. Evans, J.

This cause came on to be heard at this term and was argued by counsel, and the Court being sufficiently advised, delivered an opinion in writing, which is filed; and pursuant to said opinion, it is ordered, adjudged and decreed, as follows:

I.

Since prior to the year 1880 and up to and including the present time the plaintiff, United Drug Company, and its predecessors in title have been continuously vested with the exclusive right and title in and to the trademark "Rex" as a trademark for medicinal preparations for the treatment of dyspepsia and kindred diseases of the stomach and digestive organs, headache, heartburn, gas in stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, and for purifying the blood.

II.

The plaintiff, United Drug Company, is now vested with said right and title in and to the trademark "Rex," as successor in business to E. M. Regis & Co., a partnership, and its predecessor in business, Mrs. E. M. Regis, who, prior to the year 1880, adopted and used said trademark "Rex" in commerce and trade as a trademark for a medicinal preparation which preparation she represented to have the properties and uses aforesaid. Said trademark was  
57 registered by said partnership, E. M. Regis & Co., on November 27, 1900, in the United States Patent Office under the number 35503; and the plaintiff, as between the parties to this



action, is now vested with the entire right, title and interest in and to said registration and the rights secured thereby.

### III.

The defendant, Theodore Rectanus Company, and its predecessor, Theodore Rectanus, have used continuously since the year 1883, the word "Rex" for the purposes of a trademark upon a medicinal preparation called "Rex for the Blood" or "Rex Blood Purifier;" and defendant, Theodore Rectanus Company, has also used since a later date the word "Rex" for the purposes of a trademark upon a preparation called "Rex Celery and Iron Compound;" and all such use, until a comparatively few months before this action was brought, had been in ignorance of the prior adoption and use of said trademark by plaintiff's predecessor as aforesaid.

### IV.

The use by defendant and its predecessor of the word "Rex" as aforesaid has been and is in infringement of the said exclusive rights of the plaintiff in and to said trademark.

### V.

The plaintiff's preparation called "Rex Dyspepsia Cure," and the defendant's preparations called "Rex for the Blood" and "Rex Celery and Iron Compound," are sufficiently related as to their uses and descriptive properties, as to require injunctive relief against infringement of the plaintiff's exclusive right to the use of the word "Rex."

### VI.

The Bill is dismissed as to all of the defendants, except the defendant, Theodore Rectanus Company.

### VII.

An injunction shall issue perpetually enjoining the defendant, Theodore Rectanus Company, its officers attorneys, agents, servants, employes and privies, from further infringing upon the aforesaid exclusive rights of the plaintiff, and especially from employing or using or displaying the aforesaid trademark or name "Rex," or any variation thereof or any word or symbol so nearly similar thereto as to be calculated to be mistaken for or confused with said trademark or name "Rex," either alone or in connection with other words, figures, symbols or accompaniments, upon or in connection with any medicinal or other article or preparation for the treatment or cure of dyspepsia or any or all diseases, ailments or disorders of digestive organs or the blood, or for purifying and building up the blood; also from publishing or causing to be published or displayed, in any form or manner whatsoever, signs or placards



or labels or advertisements exhibiting the word "Rex" or the words "The Rex Store" in connection directly or indirectly with the offer for sale or selling of any medicinal or other article or preparation for the treatment or cure of dyspepsia, or any or all diseases, ailments or disorders of the digestive organs or the blood, or for purifying and building up the blood; also from making, or causing to be made, or assisting in making, any misleading use whatever of the word "Rex," or any similar word calculated to be mistaken therefor, or confused therewith, in connection with the manufacture or sale of any medicinal or other article or preparation for the treatment or cure of dyspepsia, or any or all diseases, ailments or disorders of the digestive organs, or the blood, or for purifying and building up the blood; also from in any form or manner whatsoever infringing or trespassing upon the plaintiff's rights as the owner as aforesaid of the trademark and name "Rex."

### VIII.

Nothing in said injunction shall restrain the defendants, or any of them, from selling such of the preparations heretofore called "Rex Blood Purifier" and "Rex Celery and Iron Compound" as have been heretofore made and labeled by defendant or its predecessor, provided that before any such sale and before any negotiation or offer or display for sale, the word "Rex" shall have been utterly and entirely obliterated from all and every part and label and accompaniment of every container thereof.

### IX.

Nothing in said injunction shall restrain the defendants, or any of them, from the manufacture or sale in the future of any medicinal preparation of the composition of the remedies heretofore made or sold by the defendant, Theodore Rectanus Company, and heretofore called respectively, "Rex Blood Purifier" and "Rex Celery and Iron Compound," this injunction being intended only to restrain the use thereon of the word "Rex."

### X.

There shall be no accounting for profits nor any assessment of damages for unfair trade.

### XI.

The plaintiff shall recover its costs against the Theodore Rectanus Company and execution may issue therefor; the defendants,  
 59 M. S. Preston, C. A. Dralle and Otto K. Dietrich, shall recover any separate costs they may have individually incurred and execution may issue therefor.

*Opinion on Motion to Suspend Order of Injunction.*

Filed July 15, 1913. Evans, J.

The court has considered the motion made by the defendant, Theodore Rectanus Company, under Equity Rule 74, whereby the court is asked to suspend the injunction granted by the final decree. Equity Rule 74 is not new. It is, with the exception of the addition of the words "or restoring," precisely the same as the old Equity Rule 93. Ordinarily this rule has been invoked, and upon excellent reason applied, where a temporary injunction is dissolved at the final hearing. In such cases, especially if great, important or difficult constitutional questions are involved, the judges have often deemed it discreet to suspend the dissolution pending an appeal. We recall that this was done in *Cotting vs. Kansas City Stockyards Company*, 183, U. S. 79, 83, and also in the quite recent case of *Louisville & Nashville R. R. Co. vs. Siler*, 186 Fed. 176, 203. I feel quite sure that I have pursued the same course in similar circumstances, but do not remember the style of the case in which it was done. Certainly it is not an uncommon practice where an injunction has been dissolved. But where an injunction is first granted at the final hearing the familiar view is that a supersedeas, with all that that word implies, is the appropriate way to accomplish the object desired and to protect the rights of all parties in interest.

An appeal will, of course, be granted, the bond to be fixed at \$5,000, if it is desired that the appeal shall operate as a supersedeas, but otherwise the bond will be fixed at \$250.

60 The questions involved here do not seem to be at all difficult, and the motion otherwise to suspend the operation of the injunction, we think, cannot be discreetly granted, and it will be overruled.

WALTER EVANS, *Judge*.*Order Allowing Appeal.*

Entered July 15, 1913. Evans, J.

It is ordered that the appeal as prayed for by the defendant, Theodore Rectanus Company, in its petition for appeal filed herein on the 14th day of July, 1913, be granted, upon the execution of a bond in the sum of Five Thousand (\$5,000.00) Dollars if it is desired that said appeal shall operate as a supersedeas, but otherwise upon the execution of a bond in the sum of Two Hundred and Fifty (\$250.00) Dollars.

*Assignment of Errors.*

Filed July 14, 1913. A. G. Ronald, Clerk.

Now on the 14th day of July, 1913, comes the defendant, Theodore Rectanus Company, and says that the decree and judgment

herein, and the injunction issued thereon, are erroneous and  
61 unjust to this defendant, and assigns error thereto as  
follows:

1. The Court erred in holding and finding that prior to the year 1880 one Ellen M. Regis, the predecessor of the complainant, became vested with the exclusive right and title, or any right and title in and to the trademark Rex as a trademark, for medicinal preparations for the treatment of dyspepsia and kindred diseases of the stomach and digestive organs, headache, heartburn, gas on the stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, and for purifying the blood.

2. The Court erred in failing and refusing to hold that the said Ellen M. Regis did not at any time prior to 1887 acquire any right or title in the use of the trademark Rex as a trademark for any medicinal preparation.

3. The Court erred in failing and refusing to hold that the said Ellen M. Regis did not at any time prior to 1902 acquire any right or title in the word Rex as a trademark for any medicinal preparation other than a dyspepsia tablet.

4. The Court erred in failing and refusing to hold that the said Ellen M. Regis never at any time acquired any right or title in and to the word Rex as a trademark for a Blood Purifier, a Celery and Iron Compound, or any preparation except a Dyspepsia Tablet.

5. The Court erred in holding that the ingredients of which the complainant's Rex Dyspepsia Tablets were composed were in no sense of the word a blood purifier or a remedy for disordered nerves.

6. The Court erred in failing and refusing to hold that the use made by the said Ellen M. Regis of the word Rex prior to the adoption and use thereof by defendant was of so trifling a nature and used so sporadically and on such few sales, if any, as not to raise it to the dignity of a name used in trade, and therefore the Court erred in failing and refusing to hold that the said Ellen M. Regis did not, prior to said adoption and use by defendant, acquire any right or title in the said word Rex as a trademark for any purpose.

7. The Court erred in holding that the class of goods on which the said Ellen M. Regis first used the word Rex as a trademark was identical with any class of goods on which the defendant now uses the Word Rex as a trademark.

8. The Court erred in holding and finding that the word Rex, used by the complainant as a trademark on a box containing  
62 dyspepsia tablets, said word being used in connection with the words "Dyspepsia Tablets," was identical or similar to the Rex Blood Purifier, or Rex Celery and Iron Compound, or any other preparation manufactured and sold by the defendant.

9. The Court erred in holding that the defendant, by manufacturing and putting on the market Rex Blood Purifier, Sarsaparilla Compound or Rex for the Blood, or Rex Celery and Iron Compound, was thereby infringing any trademark right of the complainant, or the complainant's predecessor, in the use of the word Rex as a trademark.

10. The Court erred in failing and refusing to find that the

defendant, by manufacturing and selling the preparations known as Rex Blood Purifier, Sarsaparilla Compound, or Rex for the Blood, or Rex Celery and Iron Compound, did not in any manner or to any extent infringe any right of the complainant in the word Rex as a trademark.

11. The Court erred in failing and refusing to find that the Rex Blood Purifier and Rex Celery and Iron Compound, manufactured and sold by the defendant, was so dressed, advertised and put on the market as not to confuse or mislead any purchaser, or prospective purchaser, of the complainant's Rex Dyspepsia Tablets into believing or thinking that in purchasing the said preparations of the defendant they were purchasing the preparations of the complainant, or its predecessor.

12. The Court erred in failing and refusing to find that there was no similarity in the manner in which the complainant dressed, marked, advertised and put on the market its said Rex Dyspepsia Tablets with the manner in which the defendant dressed, marked, advertised and put on the market its Rex Blood Purifier and Rex Celery and Iron.

13. The Court erred in failing and refusing to find that no person of ordinary intelligence would purchase the defendant's preparations, known as Rex Blood Purifier, or Rex Celery and Iron Compound, thinking he was getting the complainant's preparation, known as Rex Dyspepsia Tablets.

14. The Court erred in failing and refusing to hold that the preparation put on the market by the complainant and known as Rex Dyspepsia Tablets, was and is intended as a remedy or treatment for an entirely different disease or class of diseases than that for which the defendant's Rex Blood Purifier, or Rex Celery and Iron Compound was or is intended.

15. The Court erred in failing and refusing to hold that no purchaser of drugs would purchase either the preparation of the defendant known as Rex Blood Purifier, or defendant's preparation known as Rex Celery and Iron Compound, when he desired dyspepsia tablets or Rex Dyspepsia Tablets.

16. The Court erred in holding and finding that the complainant's preparation called "Rex Dyspepsia Cure," and defendant's preparations called "Rex for the Blood" and "Rex Celery and Iron Compound" are sufficiently related as to their uses and descriptive properties as to require injunctive relief against infringement on the part of the defendant.

17. The Court erred in failing and refusing to hold that the rights of the parties were to be determined as of the date when Theodore Rectanus first began to use the word Rex as a trademark.

18. The Court erred in failing and refusing to hold that Ellen M. Regis, not having begun prior to 1901 the use of the word Rex as a trademark on any medicinal preparation manufactured or sold by her, or prepared, advertised or recommended to be a remedy for impure blood, or any disease other than dyspepsia, did not prior to 1901, acquire any right or title to use the word Rex on any preparation except a remedy for dyspepsia, and erred in failing and refusing to hold

that the defendant's predecessor, Theodore Rectanus, having begun the manufacture and sale of his preparation known as Rex Blood Purifier prior to 1884, acquired title thereby to use said name as a trademark on a blood purifier.

19. The Court erred in failing and refusing to hold that the defendant, having in good faith begun the use of the word Rex as a trademark for a blood purifier and on a celery and iron compound, and in ignorance of the preparation put up by Ellen M. Regis, and having expended large sums of money and years of energy and effort in building up a trade on the said Rex Blood Purifier and Rex Celery and Iron Compound, said defendant was entitled to the protection of said trademark and to continue the use thereof on the said remedies.

20. The Court erred in failing and refusing to find that it would be inequitable to enjoin defendant from using the word Rex as a trademark on a blood purifier and on a celery and iron compound, it appearing that said defendant had used said trademark and trade name for a period of thirty years, and had, through the expenditure of money and energy, built up a valuable trade in the vicinity of

64      Louisville, Kentucky, for the preparations put up by it under said trademark. And in failing to find that neither the complainant, nor its predecessor, had expended any sum or any energy in building up a trade in the vicinity of Louisville, Kentucky, for its said Rex Dyspepsia Tablets, and had not built up any trade for the said Rex Dyspepsia Tablets.

21. The Court erred in failing and refusing to hold that the word Rex was a nickname for Theodore Rectanus, and the name by which he was known to the trade and to his friends, acquaintances and customers, and that he therefore had the right to use said name on any article used in trade, so long as his said name was not used by him or his successor in such a way as to identify it with the particular kind of goods put out by some person other than the said Theodore Rectanus, who used the same name for a trademark.

22. The Court erred in failing and refusing to hold that the complainant and its predecessors were guilty of laches in waiting thirty years before seeking to prevent the defendant from using the name Rex on defendant's preparations, and therefore entitled to no relief.

23. The Court erred in holding that the complainant was guilty of no fraud or deception in manufacturing, putting on the market and selling Rex Dyspepsia Tablets as a medical preparation for the treatment of dyspepsia or kindred diseases of the stomach and digestive organs, headache, heartburn, gas in the stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, and for purifying the blood, or for any of said diseases.

24. The Court erred in failing and refusing to hold that the said Rex Dyspepsia Tablets were a worthless preparation for the treatment of dyspepsia or kindred diseases of the stomach and digestive organs, headache, heartburn, gas in the stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, or for purifying the blood, or

for any of said diseases; and in failing to hold that the complainant was therefore not entitled to the relief sought.

25. The Court erred in failing and refusing to hold that said Rex Dyspepsia Tablets were a deleterious and harmful preparation for the treatment of dyspepsia and kindred diseases of the stomach and digestive organs, headache, heartburn, gas in the stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, and for purifying the blood, or for any of said diseases; and in failing to hold that the complainant was therefore not entitled to the relief sought.

26. The Court erred in failing and refusing to hold that the complainant was guilty of fraud and deception in putting on the market and offering for sale the said Rex Dyspepsia Tablets, and recommending the same as a medicinal preparation for the treatment of dyspepsia and kindred diseases of the stomach and digestive organs, headache, heartburn, gas in the stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by indigestion, biliousness, constipation, and for purifying the blood, or for any of said diseases; and in failing to hold that the complainant was therefore not entitled to the relief sought.

27. The Court erred in holding that the complainant, a Massachusetts corporation, as the successor of E. M. Regis and Company, was manufacturing, offering for sale and selling the said Rex Dyspepsia Tablets.

28. The Court erred in failing and refusing to hold that the complainant, a Massachusetts corporation, did not and had not since it succeeded to the rights of E. M. Regis and Company, manufactured, offered for sale, or sold any of the Rex Dyspepsia Tablets, or used the word Rex, or Rex Dyspepsia Tablets as a trademark on any medicinal preparation put out by it, or offered for sale, or sold by it since it acquired the rights of E. M. Regis and Company under said trademark; and in failing and refusing to hold that the United Drug Company, a New Jersey corporation, was the company which had in reality manufactured, sold and offered for sale said Rex Dyspepsia Tablets, and used said trademark Rex, and in failing to hold for said reason that the complainant was not entitled to the relief sought.

29. The Court erred in holding that the complainant, as successor of E. M. Regis and Company, had continued the use of the word Rex as a trademark on its Rex Dyspepsia Tablets after it acquired the rights of the said E. M. Regis and Company, and had continuously used said name as a trademark up to the time the decree was entered.

30. The Court erred in failing and refusing to hold that the complainant had, after it acquired from E. M. Regis and Company the right to use "Rex" on Rex Dyspepsia Tablets, abandoned the use of said name as a trademark and had not since said date made use of said name as a trademark on any goods offered by it for sale in good faith.

31. The Court erred in failing and refusing to hold that the complainant had no trade in the City of Louisville, Kentucky, for its Rex Dyspepsia Tablets, or in any vicinity where its

rights would be affected by the continued use by the defendant of its trademark on the various preparations put out by it, and that therefore the complainant was not entitled to the relief sought.

32. The Court erred in failing and refusing to hold that the complainant was not prosecuting its suit in good faith, or in order to protect any rights it had under the trademark acquired by it from E. M. Regis and Company, or to prevent the defendant from palming off its goods as Rex Dyspepsia Tablets, or to protect purchasers from being misled into purchasing the preparations of the defendant, thinking they were getting the goods of the complainant; or in any wise to protect its rights under the trademark which it acquired from E. M. Regis and Company; but for the sole and only purpose of preventing the defendants from continuing the sale of preparations known as Rex Blood Purifier and Rex Celery and Iron Compound, in competition to complainant's Rexal Blood Purifier and Rexall Celery and Iron Tonic.

33. The Court erred in holding that under the prayer of the petition the complainant was entitled to an injunction, enjoining the defendants from manufacturing or selling Rex Celery and Iron Compound.

35. The Court erred in entering a decree, enjoining the defendant, its officers, agents and employes from employing, or using or displaying the name Rex, or any variation thereof, either alone or in connection with other words upon or in connection with any medicinal preparations for the treatment or cure of dyspepsia, or any disease, ailment, or disorder of the digestive organs or the blood, or for purifying and building up the blood.

36. The Court erred in entering a decree, enjoining the defendant from advertising, or causing to be advertised or displayed, any signs, or placards, or labels, or advertisements exhibiting the word "Rex," or the words "Rex Store," in connection directly or indirectly with the offer for sale, or selling of any medicinal or other article or preparation for the treatment or cure of dyspepsia, or any disease, ailment, or disorder of the digestive organs, or the blood, or for purifying or building up the blood.

37. The Court erred by its decree in issuing any injunction whatever, enjoining the defendant from using the word Rex in any manner whatsoever.

38. The Court erred in failing and refusing to hold that the complainant's predecessor did not begin the use of the word Rex as a trademark on any preparation recommended as a blood purifier, or recommended for any disease other than dyspepsia, until subsequent to 1900.

39. The Court erred in failing and refusing to hold that by the issues in the case the only infringement charged against the defendant was that it was putting out a Rex Blood Purifier, and in failing and refusing to hold that under the pleadings and prayer of the petition the complainant, if entitled to an injunction at all, was only entitled to an injunction enjoining the use by the defendant of its blood purifier.

40. The Court erred in permitting any testimony concerning



the manufacture or sale by defendants of the Rex Celery and Iron Compound, and erred in enjoining the defendants from manufacturing and selling Rex Celery and Iron Compound.

41. The Court erred in failing and refusing to grant unto the defendant a continuance on the ground of surprise; the defendant having been surprised at the ruling of the Court permitting evidence to be introduced concerning the manufacture and sale by the defendants of Rex Celery and Iron Compound, the pleadings not justifying the admission of such evidence.

42. The Court erred in failing and refusing to suppress and quash the deposition of Louis I. Schreiner, a witness for the complainant, said deposition having been taken more than sixty days after the issues had been made up between the parties.

43. The Court erred in requiring C. A. Dralle, a witness for the defendant, to testify that the Theodore Rectanus Company, was manufacturing and selling Rex Celery and Iron Compound (See Dralle Q. 5, 6, 7, 60, 63); also in requiring Theodore Rectanus, a witness for the defendant, to testify concerning preparations made by him and his successor, Theodore Rectanus Company, other than Rex Blood Purifier, and requiring the said Theodore Rectanus to state what preparations other than Rex Blood Purifier he and his successor put on the market under the trademark Rex (See Rectanus Q. 66, 67, 68, 69, 70, 71, 72, 73, 74, 75).

44. The Court erred in refusing to permit C. A. Dralle, a witness for the defendant, to state the facts and circumstances under which he purchased from the complainant's Rexall Drug Stores in the City of Louisville the Rex Dyspepsia Tablets involved in this litigation (Dralle Q. 48); and in refusing to permit Dr. Gordon L.

Curry, a witness for the defendant to state the circumstances under which he purchased from the complainant's Rexall Drug Stores the Rex Dyspepsia Tablets referred to in the bill; the said evidence, had same been permitted, would have been to the effect that the clerks in the said Rexall Stores had great difficulty in finding said Rex Dyspepsia Tablets (Curry Q. 7); in failing and refusing to permit T. P. Taylor, a witness for defendant and director of the complainant, United Drug Company, and the owner of the Rexall Stores in the City of Louisville, to testify concerning the sales of Rex Dyspepsia Tablets in Louisville, Kentucky; said witness would have testified, if permitted to do so that there had been practically no sales (not more than five boxes) of Rex Dyspepsia Tablets in the City of Louisville, Kentucky (Taylor Q. 28).

45. The Court erred in refusing to permit the defendant's witnesses, who were doctors and qualified to testify on the subject, to state what would be the effect of ox-gall as prescribed in Rex Dyspepsia Tablets on the human system, and to state that ox-gall was injurious to the stomach, was not a blood purifier, was not recognized by the medical profession as a treatment for dyspepsia or kindred diseases of the stomach and digestive organs, headache, heartburn, gas in stomach, sour stomach, bloating after meals, nervous dyspepsia, dizziness, palpitation of the heart caused by in-



digestion, biliousness, constipation, or for purifying the blood; and erred in confining the defendant to the introduction of evidence which tended to show that ox-gall "in reasonable doses would be deleterious or harmful to the human system," without being permitted to state for what purposes, if any, ox-gall might be taken with beneficial effect (Dr. Solomon's deposition Q. 13, 30, 58; Dr. Curry's deposition Q. 13; Dr. Eckels' deposition Q. 5, 21; Dr. Dilley Q. 6, 7, 8.)

46. The Court erred in refusing to permit Dr. R. G. Fallis, a witness for the defendant, to testify that ox gall would be injurious to nine-tenths of the people suffering from indigestion (Fallis Q. 8).

47. The Court erred in permitting Dr. Morrison, a witness for the complainant, to read on direct examination certain medical books in support of his testimony that ox-gall was beneficial in certain cases (Morrison Q. 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 33, 34, 41).

48. The Court erred in admitting as evidence and considering Exhibits Nos. 13 to 16, inclusive, filed with the deposition of Annie J. Regis, one of the witnesses for the complainant, said exhibits being circulars purporting to have been issued by E. M. Regis and Company, said circulars being inadmissible because of the facts that they were not shown ever to have been circulated, and not produced by any person who had any connection with circulating same, and because said exhibits consisted in the main of testimonials signed by persons who did not testify in the case.

49. The Court erred in admitting as evidence and considering Exhibits Nos. 27 and 31, inclusive, filed with the deposition of Annie J. Regis, said exhibits purporting to be circulars issued by E. M. Regis and Company and advertising Rex Dyspepsia Tablets, same being offered as evidence by counsel for the United Drug Company and not by anyone who professed to have knowledge of the facts, or who testified that said advertisements were actually made or circulated.

50. The Court erred in overruling the defendants' exception to the last half of the answer to Question 19 of the deposition of Louis I. Schreiner, in which answer the witness gave his opinion as to the reason why the Rex Dyspepsia Tablets had not been sold any more extensively than they had been sold.

Also in overruling the defendants' exception to Question 36 and the answer thereto, said question and answer being an itemized list of the towns in Kentucky whereat the Rexall remedies were offered for sale, said answer not showing that the Rexall Dyspepsia Tablets were sold in any of said places;

Also in overruling the defendants' exception to Questions 37, 38, 39, 40 and 41, showing that all the stores of the United Drug Company are known as "Rexall Stores" and other facts in regard to Rexall Stores generally, without connecting any of said facts with the manufacture or sale of Rex Dyspepsia Tablets.

Also in overruling the defendants' exception to Questions 48 and

49 in the deposition of Louis I. Schreiner, and the answers thereto, wherein the said witness details the therapeutic effect of ox-gall and the various diseases for which ox-gall is a remedy; it not appearing that said witness was sufficiently qualified or sufficiently familiar with medical lore or the therapeutic effect of medicines to testify concerning any of said facts;

Also in overruling the defendants' exception to Question 51 and the answer thereto, because in said question and answer the witness states the causes of impure blood, indigestion, biliousness, and other diseases, and also states that Rex Dyspepsia Tablets are a remedy for those diseases; it not appearing that said witness  
70 was sufficiently qualified or sufficiently familiar with medical lore or the therapeutic effect of medicines to testify concerning any of said facts;

Also in overruling the defendants' exception to Question 52 and the answer thereto, said question and answer consisting of the statement on the part of the witness to the effect that text books on therapeutics state the facts are in accord with the views expressed by the witness; it not appearing that said witness was sufficiently qualified or sufficiently familiar with medical lore or the therapeutic effect of medicines to testify concerning any of said facts;

Also in overruling the defendants' exception to Questions 53, 54 and 55 and the answers thereto, said answers consisting of the statement on the part of the witness as to what certain medical books contain, and the production by the witness of said medical books, and reading into the evidence extracts therefrom purporting to show the therapeutic effect of ox-gall.

Also in overruling the defendants' exception to Question 59 and the answer thereto; said witness by the answer to said question was permitted to state how many agents and stockholders the United Drug Company had, and to say that it was important for the United Drug Company to protect its Rexall Stores from infringement; to say that the Rexall Stores were the best stores in the community; to say that jealousy had arisen among said Rexall Stores, and to say that the use of the word Rex on products other than those of the United Drug Company created confusion and would result in loss of business to the said complainant.

Wherefore, the defendant, Theodore Rectanus Company, prays for a reversal of the judgment and decree of the Honorable District Court of the United States for the Western District of Kentucky, at Louisville, Kentucky, entered in the above entitled cause, and that said District Court be directed to set aside its said decree and dismiss the bill of complaint.

C. B. BLAKEY,  
*Attorney for Defendant.*

71 *Statement of Evidence Approved by Evans, J.*

Filed Sept. 6, 1913.

This case coming on to be heard, before the Hon. Walter Evans, Judge, the following proceedings were had:

The Court stated that it would probably be necessary to direct a reference for an accounting of profits should the alleged infringement be established by the testimony, and for this reason the testimony in plaintiff's behalf would be limited as follows:

"1. To the origin or creation of its alleged trademark.

"2. Plaintiff's ownership thereof, and how it was acquired and established.

"3. The features and characteristics of the alleged trademark and generally the sort of merchandise to which it is applied.

"4. The sort of packages upon which it is used, and the names of the contents of such packages.

"5. The length of time of its use by the plaintiff and those through whom it derived title.

"6. The resignation thereof, and

"7. The infringement or unfair use thereof by the defendants, and the manner thereof.

"The direct testimony of the defendants will be limited:

"1. To disproving the testimony of the plaintiff.

"2. The origin of defendants' right to use the alleged similar trademark, Rex.

"3. The length of time and the circumstances under which they or their predecessors have used it and the sort of merchandise to which it has been applied.

"4. The form of packages upon which it has been used.

"5. The name of the article or articles contained in such packages, and

"6. Whether the plaintiff's preparation, known as Rex Dyspepsia Tablets, are composed of deleterious, harmful and worthless drugs in such quantities or proportions as to make them injurious to human health." To this course neither party made any objection and thereupon the following proceedings took place:

"Mr. Janney: The complainant is entirely content to take its testimony within the limitations suggested."

"Mr. Blakey: As I heard Your Honor read these issues to which we are to be confined, I was of the opinion that they were  
72 all covered. It may be that during the progress of the trial something may develop."

"The Court: Certainly."

"Mr. Blakey: I know of nothing now."

"The Court: I do not desire to shut off anything. I want to know all about these matters. I will be glad to hear anything that elucidates them."

The defendants filed a motion to suppress and quash the deposition of Louis I. Schreiner, which motion was overruled and denied by the Court, to which defendants excepted. Said motion will be found in another part of the record.

Defendants also filed exceptions to certain depositions filed by the complainant, which exceptions were subsequently passed on, and which exceptions, and the Court's ruling thereon, are copied in another part of the record.

Thereupon the depositions of the following witnesses were read

on behalf of the complainant: Ellen M. Regis, Annie J. Regis, Frederick J. Regis, Mrs. Ida M. Belanger, Mrs. Lucy C. Carr, James M. Smith, Mrs. Alice W. Dewhirst, Ira O. Sawyer, Daniel E. Marcotte, William E. Marcotte, Patrick Hines, Maria E. Robinson, Mrs. Margaret A. Chase, Mrs. Alice J. Phillips, Mrs. Mary H. Flood, Mrs. Cordelia Marcotte, Louis I. Schreiner.

Said depositions are as follows:

### Deposition of Ellen M. Regis.

I am 70 years old; have lived at Haverhill for about 50 years; about 45 years of that time on Temple Street; my family consists of my daughter, Annie J. Regis, and my son, Frederick J. Regis; my other son does not live in Haverhill; my husband has been dead about five years.

Late in 1877 I began the business of putting up Rex medicine and selling it. I fix this date by the fact that it was before my son, William H. Regis, was born that I got cured, and he was born on March 24, 1877, at my home on Temple Street in Haverhill. Birth certificate marked, "United Drug Co. Exhibit No. 1, William H. Regis Birth Certificate" is the birth certificate of my son.

Three years before 1876 I strained my stomach and was sick three years, and the last of it I was in bed seven months and the doctors were doctoring me for heart disease. I was bolstered up in bed one day and was looking through an old doctor's book and I found this remedy which said it acted on the human system as oil on a machine and I thought I would try some. My husband went around and looked through every drug store he could find; they finally found some in the basement of an old-fashioned drug store and I mixed it with flour and took it in pills and it began to help me and in a week I was some better and in two weeks I was decidedly better, and I kept on taking it until I was entirely cured. I was cured the year before my son was born. Dr. Towle and Dr. Sawyer, both now dead, attended me during my illness.

After I got well some people who knew it came to find out what cured me and I told them and they said they would like to get some, and some people I gave it to tried it, and quite a few asked me why I didn't sell it. I began selling it the latter part of the year in which my son, William H. Regis, was born and began using the word Rex on the preparation just as soon as I began to sell it. We took the word Rex from the family name, which suggested Rex to us. I liked the name and it was a good name and I knew the medicine was good, and that was one reason why I took it. I knew it cured me and I called it "King of Cures."

It was first prepared in a paste. I mixed it with flour and made it into pills first and sold it in little round boxes with the word "Rex" only on the cover, which word was sometimes written with pen and sometimes with pencil.

"Int. 41. Will you state for what purposes or for the treatment of what ailments you sold the preparation at the outset of your business?

"Ans. I told people it would put the whole system in good working order; cured headache, indigestion, gas in the stomach, nervous dyspepsia, colic, rheumatism, blood purifier and builder, diarrhea; I do not know as I can remember them all now, but it was the whole human system it put in good order—increased the appetite."

Shortly after I began to make and sell the preparation I took it myself for rheumatism. My feet were swollen up and they looked like baseball gloves and you could not tell they were feet. This came after I got cured of the stomach trouble. I didn't know it cured rheumatism then, but I took it for rheumatism and found out. As far as I remember this was the next year.

At the outset of the business I went out to sell it, some people came to the house and then I went out to sell it and those people I went to, they would find new customers for me and I continued selling a little more every day. I would go out to sell it some evenings or after-

74      noons, not every day; if I was tired I would wait a few days. The business kept increasing and I kept selling more and more every day I tried. People came after it, after a while they sent letters for it.

I didn't discontinue the business or the use of the word Rex from 1877 until I sold out to the United Drug Company.

I described the medicine, designating it to the public as "Rex," for the cure of these different ailments.

I knew Mrs. Cordelia Marcotte, also Mrs. Lucy Carr, her niece, having known her for 37 years or so, who lived in Haverhill; also her children, Mrs. Ida Belanger, Mr. Daniel and William Marcotte.

I saw Mrs. Marcotte frequently. She knew of the Rex preparation.

I know a man named Patrick Hines living in Haverhill for forty-five years. He was godfather to my son, William H. He knew people that had taken Rex and he told me that they told him it was good.

The preparation as first put up would not keep well in the paste form—it would get moist—so we found a preparation to put with it and we put it up in capsules for quite a long time; then after that we had it made in tablets; for people that could not take a pill we fixed it in a liquid form. This was only a few years after we began to put it in capsules. The liquid form had the same ingredients as the paste form, but was mixed with brandy. No change has been made in the ingredients of which the preparation is composed, except we made it stronger by adding more of the principal ingredient and gave larger doses than we did at first.

We continued to write the word Rex on the boxes until we had the first labels printed. I am not sure of the date.

We charged twenty-five cents for the preparation, but later made a change and put the light ones in boxes and the dark ones in a little envelope and we called the light ones the Rex and the dark ones the Rex Aid, and we charged twenty-five cents a box for the light ones and ten cents for the dark ones.

At first I kept the names of purchasers on slips or little books so as to go and see those parties again, and after a while whatever books were kept, my daughter kept them; the slips were burned when I

cleaned house. I would clean house every six months and we would destroy these things. I didn't think they would ever be any account and didn't try to save them. About twenty years ago I destroyed a good many and what was left the United Drug Company took them.

Since I sold out I destroyed a lot that were in the house.

75 I have heard of Arthur D. Hill. He was the Master in the case of Jaynes and Company, and he had the exhibits, letters and evidence, and kept them for quite a while and then he said he burned them up, and Mr. Woodworth and Mr. Browne, my counsel at that time, they saw him and it was agreed between them that that evidence had been burned up.

The Jaynes case was heard in 1903, I think. The matter involved in that case was whether Rexall Dyspepsia Cure was an infringement of my Rex Dyspepsia Cure.

About 1900 I took my son, Joseph F. Regis, now dead, in partnership with me. My daughter, Annie J., also assisted me in the business.

My illness prior to 1876 was so serious I could not sit up to have the bed made without fainting away, at the last of it. I had to keep the bed seven months. My illness was caused by standing on the table and washing the kitchen ceiling before it was whitewashed—I suppose I strained my stomach at that time; I wasn't sure of it. One doctor would doctor me for heart disease and the other doctored me for the stomach; he said I had strained my stomach, and then I thought that was the time I strained it, when I washed the ceiling. I got so I could not take a teaspoonful of water without distressing me. I didn't have any strength. I wasn't able to do anything; I was in bed.

My son, Frederick, was about four years and a half old when William J. was born.

I think my son, William, is in New York. I haven't heard very lately.

I sold out to the United Drug Company in April, 1911.

During the time I conducted the business I advertised the preparation in some church programmes, and different societies would come around and want me to give them an ad. and I would give them. I had a card in the window and put signs on fence, and, later along, calendars and newspapers, I did quite a little advertising in the way of circulars; I left that to my daughter, mostly. The earliest advertising was a card in the window of my house on Temple Street about thirty years ago. I'm not sure what statement appeared on that card, but it was either "Rex Cure" or "Rex Dyspepsia Cure" and "Sold Here." I don't think any of these cards are now in existence that were put up to advertise the preparation. I thought some people would see it, going by. We got the name pretty well advertised, so a good many people used to call us "Rex," "Mrs.

76 Rex," and some people, that wasn't acquainted with us, really thought that was our name. When I met them they would call me "Mrs. Rex." I think this name was applied to me as far back as twenty-nine of thirty years, but I wouldn't be positive on that.

## Cross-examination:

My husband found the remedy in the basement of a drug store. I knew what it consisted of, because it was told in the doctor's book. The doctor was named Dr. Beach. I had heard of this remedy before I saw it in the doctor's book, but I never tried it, and anybody would have to take it to see the benefit of it. A lady told me about the remedy, saying that she knew of folks that had got cured by it, why didn't I try it? I didn't take any stock in it until after I had used it myself.

On advice of counsel, I refuse to state the ingredients of the preparation.

I didn't take the full dose as prescribed in the book, at first, because I thought it couldn't do any more than kill me; I wanted it easy at first. I didn't have any faith in it when I took it.

I first tried to take it in liquid form, clear, but I couldn't, then I weakened it by mixing it with flour into pills. The medicine was in a concentrated form, I think. It was in a solid.

I had had no previous experience in drug mixing, nor had any member of my immediate family. I knew nothing about the consistency of this remedy, except what was set forth in Dr. Beach's book. I mixed it with flour into little round pills about the size of a common Boston baked bean.

I first made the two kinds of pills, I think, three or four years after we first begun to put the pills in capsules, when some people said they had a headache and we put some charcoal in the envelopes, and they called it "Rex Aid," and then we put charcoal in the capsules and the Rex in other capsules, and put the dark ones in little envelopes. There was no medicinal remedy in the charcoal; the remedy was in the light capsule.

"Cross-Int. 159. What do you mean by 'medicinal remedy'?"

"Ans. Well, what was put with them so they would keep. It was a simple remedy, harmless remedy. It wasn't medicinal; it was just simply put in to take the moisture away, to keep it from getting moist."

The two kinds of pills were to be taken together. After a while, some people called for light ones and some for dark. Some  
77 thought it was the light that helped them, and more thought it was the dark. The dark ones were good for the headache and inflammation. They assisted the other medicine, and were advertised as an assistance to the other medicine. The envelope containing the dark pills, I think, stated that it was just "Rex Aid." I think the price on them was ten cents. I don't quite recall if there was anything else on them or not, it was so long ago.

The box containing the white pills had on the outside "Rex," for quite a while, it might have been four or five years; I'm not sure. The word "Rex" was written.

"Cross-Int. 170. At what time was any statement put on the box setting forth the ailments which Rex would cure?"

"Ans. Well, for quite a while I put on 'Rex Cure' and 'Rex



Dyspepsia Cure,' and when the labels were printed we had the other things added on."

I am not quite sure when the name was first printed. I left the labels with my daughter to get. It would be difficult to approximate the time; suppose I make a mistake? It might be in 1898. That is my best recollection of when the labels were first printed. I left the printing of labels to my daughter and didn't pay much attention to it.

I didn't write the description of the remedy at first. I used to tell the people that bought it, and some people that I gave it to at first, what it cured. Of course, most of those things are symptoms, they are not diseases. By symptoms I mean, well, the same as headache caused by the stomach, or gas in the stomach. I told them it wouldn't cure a cancer, and it wouldn't cure abscesses in the stomach. It would only cure headache that was caused by gas in the stomach. These pills would cure symptoms which were due to a disordered stomach.

"Cross-Int. 179. Has that been the main purpose, up to the time that you sold 'Rex' to the United Drug Company?

"Ans. No, sir. It was a blood purifier, and it would put the whole system in good working order. That is what it does. Wouldn't cure consumption, or cancer of the stomach, but it puts the whole system in good working order.

"Cross-Int. 180. Do I understand that it cures the symptoms, whatever that may be, by curing the disorder in the stomach?

"Ans. Well, it cures it by getting at the cause. If it is in the stomach, or the liver, if the liver is inactive it will make the liver work right."

78 The word "Dyspepsia" was used from the first. I told people it would cure dyspepsia. "Dyspepsia" was put on the first printed labels and the first lot of circulars that were printed, which I think was before the year 1890. I wouldn't be sure whether it was after 1885.

"Rex Dyspepsia Cure" was the title first used. I have no idea when it was first used, but I put "Rex" on the box for quite a while and told people what it would cure. There was so many things I had to explain about it that I couldn't put it on very well.

I think it was in 1902 that the name was changed to "Rex Dyspepsia Tablets." The name was changed because it was a better form, and you could get them made at the manufacturing chemists, all ready to put them in boxes. The other way, they had to put them in capsules themselves. Before that they were in the shape of a powder instead of capsules.

I didn't keep on hand the preparation in liquid form, but if anybody couldn't swallow a pill I fixed it in liquid form—prepared in the liquid form as it was called for.

The mixture sold by me to United Drug Company is substantially the same as the one I originally manufactured.

Sometimes I described the remedy as a dyspepsia cure, and sometimes for the different ailments. People would ask me if it would cure or help such and such a thing, and I told them. Since I have



had printed labels I have described the medicine for different ailments.

"Cross-Int. 204. When you described it as a dyspepsia cure, in a printed label, did you further describe what it would cure incidentally?

"Ans. In a measure, but I didn't put down all it would cure.

"Cross-Int. 205. When you described the remedy, on your printed label, as a dyspepsia cure, then further specified certain ailments, did you intend to have it understood that dyspepsia was the cause of those ailments, and, if cured, would cure those particular ailments?

"Ans. Well, some people thought they had nervous dyspepsia, and that it was from their nerves. Well, I told them it wasn't from their nerves, it was a tired stomach, and their liver didn't work right. Some people would say that they had got the headache, or they have got stomach trouble, or gas in stomach, and they think that that is their sickness, that it ain't a symptom but they think it is the cause. It was on account of a tired stomach and the liver not acting right.

All those other things are the symptoms."

79 I labeled the cure a dyspepsia cure because that was the principal thing. In selling it I told the people that dyspepsia was the underlying cause of their trouble. On the printed label, or labels, I used only "Rex" and "Rex Aid" in the early part. We didn't give any other name. I never used in the title on the box any name but "Rex Dyspepsia Cure" or "Rex Dyspepsia Tablets." We never described it except in that way. Later, other ailments was on the labels.

(The Rex Dyspepsia Tablets filed as an exhibit and marked, "Defendant's Exhibit Specimen Rex Package," was filed by the witness.)

My preparation was put up in this kind of packages with these labels since 1902, I think. Before that they were smaller, with a different label on the box. The directions were different, with a blue label on the back, with something on the blue label about an infringement, something of that kind, though I don't remember just what it did say. I don't remember whether it gave a list of the ailments or not.

The change from "Rex Dyspepsia Cure" to "Rex Dyspepsia Tablets" was made because the preparation was put up in tablets. The preparation has been described as "Rex," "Wonderful Remedy," "King of Cures," then telling the things it was good for.

After it cured me I used to tell it to the people and some folks would say: "I wonder if it would cure my headache," or different things, and they would ask me, and some people would say they had liver trouble or palpitation of the heart, and I would tell them it would cure it. Some would say they were all run down, and I would tell them about Rex, because I knew it, I didn't guess about it, I knew it would cure. My trouble was an inflammation settled in my stomach and around my heart. That was why my heart troubled me, and I had all those other ailments or symptoms—ailments, I suppose people would call them, but it cured me, so I was well. I couldn't eat anything or drink anything.

I didn't recommend these pills as a cure for symptoms accompanying dyspepsia. I recommended them for all those ailments. I didn't really know whether they were symptoms then, myself, or real ailments at that time. I don't know very much about sickness.

I thought because the liver didn't work right, food didn't digest properly and didn't make blood, with the experience that I went through.

I have had no medical training in any way.

80 I regarded impure blood as an ailment, because the food wouldn't digest. I traced it to the fact that I thought my liver didn't work right. My liver didn't work right, that was the way food wouldn't digest.

I used to read all the books, doctors' books, I could get hold of, to see if I could help myself.

I applied for a trademark in 1898 and 1900, I believe; one in Massachusetts and one in Washington. When I applied for one of them, I don't just know which now, I told him to put on it "Rex" as a medicine, because I was going to add other things onto it to put up, and I think he only got that on one of them. I think he got dyspepsia cure, I guess he said, possibly dyspepsia cure, but I told him to put on Rex as a medicine. I believe he told me Rex as a medicine would cover everything.

The preparation has for a great many years been described as dyspepsia tablets, because almost all the other ailments go with dyspepsia. Anyone that has dyspepsia has most of those ailments, too. If the pills put the liver to acting right, probably you wouldn't have dyspepsia, you wouldn't have the other ailments, that is how I put it. I don't know how specialists put it. I used "dyspepsia" rather than any other word, because most of the people when they would tell what ailed them, they would tell me dyspepsia, most of the old folks did. I think liver trouble was the cause of the dyspepsia. I didn't call the pills liver pills, because most of the people that have any stomach trouble, they say they have got dyspepsia, I told people that constipation and liver trouble was responsible for impure blood.

"Cross-Int. 252. I suppose there would be cases of impure blood not caused through liver trouble which your tablets would not or might not cure?"

"Ans. Well, I didn't tell them it would cure everybody. I told them it cured me and it might cure them.

"Cross-Int. 253. You wouldn't claim that every kind of impure blood, from whatever cause, would be cured by your tablet, would you?"

"Ans. Well, it would not cure anybody that had consumption, or cancer, or abscesses in the stomach, or anything like that. I never said it would; I didn't know as it would; I never said so.

"Cross-Int. 254. Your claim was that it cured that species of impure blood which arose from liver troubles?"

"Ans. Well, I told them it would put the whole system in good working order."

I told them it acted like oil on machinery. I knew everything about it. My stomach was just the same as if it was paralyzed,

81 there wasn't a bit of action to it. It doesn't act on the stomach. I think it acts on the liver. I am not sure, but the way I felt it I begun to regulate the bowels and I begun to feel better. From my own experience I concluded it acted on the liver. I gave the benefit of my experience to others.

I gave away pills at first, I gave some away to people, and then, I think in the latter part of 1877, I begun to sell some; they came after it, some I gave it to at first, and then they wanted to know why I didn't sell it. I sold it in little pills mixed up with flour. It didn't keep very well. We had to keep it in a cool place to have it stay in pill form. I sold it in pill boxes at twenty-five cents. I made up a little at first and sold it, and then made up a little more and sold it, and kept making up a little more and a little more. It didn't quite suit me, because it got kind of moist, and so I kept keeping at it, all the time a little more.

I don't know as I can tell exactly how much business I had the first year, or the number of customers. Some used to come to the house. I used to go out in the evening and I would sell a couple of dollars' worth, and sometimes three dollars' worth. At first when I would go to see people, they would take a box, the next time they would take two, and the next time perhaps it would be three or more. The end of a year's manufacture of the medicine I had quite a few people on my list and I kept their names so I could go and see them again, but I destroyed them. I think I had more than seventy-five names. I went to see a great many people. They nearly always had more for me to go and see. They took it for themselves, and they bought it to send to Nova Scotia and Canada. I have no idea what my profits were at the end of one year. I had more customers each year than I had the year before. I might be mistaken, but it seems to me that we had as many as 500 customers in 1887. I might possibly be mistaken. It might be a few more or less. I have no idea what my profits were in 1887. The books were destroyed as far back as that.

The average person would take during the year all the way from 10 to 20, and some people took more. One man told me he got onto his ninth box before he felt the pain going away from his stomach. I asked him what he thought caused his stomach trouble, and he said he used to take cold dinners. He said he had fried ham and eggs and I said I don't wonder you have stomach trouble. He took nine boxes, and he said, "Now I can eat board nails." I recollect he stopped taking the pills. I have spoken to him since. I think I have one of his testimonials.

82 I have sent the pills to a good many places in Massachusetts—Lawrence, Lowell, Amesbury, Newburyport, Merri-mac, Boston, Charlestown, and most all the different places. I have got letters from a good many of the places. They would send for two dollars' worth, and some for five dollars' worth.

Outside of Massachusetts, I have sent pills to New York. I didn't go there and sell them; folks wrote for them. I sold some in New Hampshire and Maine and Vermont. It was sent to Canada and Nova Scotia by different ones. I can't remember the lady's name

who sent them. She has moved away from Haverhill. She had a son in college who was very much troubled, and she got the pills from me a number of times and sent them to her son. She also sent some to professors who were there at the time. I sold to her and she disposed of it elsewhere. I do not remember anyone else except this lady who sent pills to Canada. For years quite a few bought the pills to send to their people in Nova Scotia. I sold them to persons in Haverhill who sent them to Nova Scotia. There might have been a dozen, or there might have been more, that went to Nova Scotia and Canada. All of a dozen went to Vermont. More than fifty boxes went to Maine. There was a man who had taken them in Haverhill and he moved down there and he sent for them and told his neighbors, and they sent for them. There was all of fifty boxes sent, and there might have been more. New Hampshire is right near Haverhill, and people used to come down from there. It is only a short ride by electric. There were quite a few sold up there. I can't say how many were sold in New York.

The foregoing answers in regard to the places mentioned include the sales made up to the time I sold out to the United Drug Company.

A lady took about forty dollars' worth of these pills, and I don't know how many she sent to her son and his wife that were in Virginia. She lived in Newburyport. I can't remember that I ever sent any pills directly to Virginia.

I don't remember any other State to which the pills were sent. I know we got letters from other places. I don't think any came from Illinois, Indiana, Kentucky, Tennessee, West Virginia, or Missouri.

I got letters ordering the pills. Sometimes I would read them and take the addresses and throw them in the fire; after I got what testimonials I wanted I didn't seem to pay much attention to the others. My books of account were destroyed.

A very large percentage of sales were made in Massachusetts. I couldn't say what percentage. They were selling good and gaining every day and we were satisfied.

Just prior to the time we sold out to the United Drug Company—the year before—the sales were \$1,200.00 a year. I think that was the year 1910, but I might be mistaken. I ain't sure whether that is the net profit or the gross profit; my daughter kept account of those things. She knows more about it than I do. In the first of I worked it up and knew more about it than she did, but after a while I left those things to her.

I'm not sure how many boxes of pills were on hand when I sold it, we had quite a quantity. My daughter knew more about it than I did. It wasn't put up in boxes, it came in cans from the chemist. We sold the United Drug Company the pills in boxes, but not the preparations in cans. They bought the business right out. They paid so much for the business. I cannot give an estimate of the number of boxes sold the United Drug Company; I didn't pay any attention to that. I refuse to say how much the United Drug

Company paid me for the business. My counsel told us not to tell anybody and we never told anyone.

I never until now saw the box or carton you show me containing a bottle of liquid called "Rex Blood Purifier."

"Cross-Int. 368. Do you think a person asking for Rex Dyspepsia Tablets would accept a bottle of liquid called Rex Blood Purifier, person of ordinary intelligence, I mean?"

"Ans. Well, there was just as many called for Rex, or the Rex, for different ailments, as there was that asked for Rex Dyspepsia Cure."

"Cross-Int. 369. But you understand one is in tablet form and the other is a bottle of liquid?"

"Ans. If anyone called for Rex for any ordinary treatment they would know whether it was in a bottle or tablet."

"Cross-Int. 370. Your pills were advertised and labeled 'Rex Dyspepsia Tablets,' were they not?"

"Ans. Sometimes. Not always."

"Cross-Int. 371. Of recent years they have been, have they not?"

"Ans. Well, it was advertised 'The Wonderful Rex' a good many times."

"Cross-Int. 372. How lately?"

"Ans. Well, I won't be quite sure, but I think in 1900 and may be 1904, and it may be a little later. Probably they called here somewhere, they would have the card."

"Cross-Int. 373. Well, how long, Mrs. Regis, has there been any change in the title of the box, Rex Dyspepsia Tablets?"

"Ans. Not any on the top of the box. But there is just as many—it was seldom anybody called for Rex Dyspepsia Tablets—they would either call for Rex——"

"Cross-Int. 374. Now, Mrs. Regis, I will ask you the question in a little different way. Do you think any person of ordinary intelligence, asking for Rex Dyspepsia Tablets, and being familiar with the way in which Rex Dyspepsia Tablets are put up, would accept a bottle enclosed in this (indicating Defendant's Exhibit Specimen Rex Carton) carton?"

"Ans. No, but supposing they weren't familiar?"

"Cross-Int. 375. I would like to have you answer this question 'Yes' or 'No,' Mrs. Regis. Do you think a person of ordinary intelligence, asking specifically for Rex Dyspepsia Tablets, whether they had seen them or not, would accept a bottle of liquid preparation enclosed in this carton (indicating Defendant's Exhibit Specimen Rex Carton)?"

"Ans. No."

I have had litigation with the Jaynes Company over Rex—in 1900 I think, I instituted suit because the name "Rexall" interfered with my trademark Rex. Rexall was a dyspepsia tablet at first, and then after a little there were different Rexalls. My suit was brought over Rexall Dyspepsia Tablets, which were done up in an oblong package. They resembled my preparation in that they were light and dark. Some people bought Rexall tablets, thinking they were buying Rex tablets. Purchasers wouldn't have been mistaken if they took the cover off and looked in the box. Jaynes had Rexall D.

pepsia Tablets and it was for the same remedy, all the different remedies that mine was advertised for; that is on the label. If I ain't mistaken the label on the Rexall box set forth similar ailments as are set forth on my box. I am not quite sure whether the Rexall label had anything on it about a blood purifier. I think Rexall tablets were advertised for the different ailments that go with indigestion or dyspepsia. I think Rexall tablets were so advertised. I might be mistaken in that, but I have a faint recollection that it was so.

The only other litigation I had over my trademark was with the United Drug Company. I wanted them to stop using the name Rexall.

85 We saw in a Haverhill paper that Mr. Nelson had a trademark case, and during Mr. Nelson's case they brought our case into it more than any other, and we telephoned Mr. Nelson and asked him if he was the Mr. Nelson that had this case, and he said yes. And Mr. Nelson said: "Do you live in Haverhill," and I said: "Yes." He wanted to know where and I told him and he came up to see us.

The United Drug Company had been using the word Rexall and were trying to get the word registered to cover a large variety of medicinal goods, including dyspepsia tablets and remedies for the treatment of all the other ailments that were on my labels. We started opposition proceedings in the Patent Office at Washington against their application for registration, and also brought suit against the United Drug Company in Massachusetts. This was the suit that ended in my selling to that company. I have some stocks in the United Drug Company at present.

#### Redirect examination:

I have not been in good health this winter. I had the grippe and bronchitis all winter and ain't over it yet.

I know Mrs. Margaret Chase, who formerly lived in Haverhill and who now lives in Lynn. I think I knew her thirty-eight or nine years. She has lived in Lynn thirty years.

She knew about my Rex preparations. She used to come to my house while I was sick. She lived right back of us, and as I was getting better she used to come in afternoons and do a lot of cooking, a few times a week. She knew people that took my preparation, some people that took it, and I think she saw me fixing it, if I ain't mistaken. She knew it cured me and she knew I sold it. She was a frequent visitor to my house. Our relations were neighborly and friendly. I first knew her when one of my children were sick with lung fever and she came in and doctored it and got it cured. She would go in where there was diphtheria and scarlet fever and everything. I felt nice to her because she had been so kind. After she moved away from Haverhill she would always come and spend a few days with me when she came back. I would also go to see her. There were three in her family besides her husband. One daughter, Mrs. Phillips; another daughter, I forgot what her last name is; and a son. This other daughter lives in Lynn and the son is a foreman in some shops around Boston.

86 I have known Ira O. Sawyer since the war. His wife is dead. Nearly thirty years ago his wife began to take my medicine, if I ain't mistaken. She took it off and on and she got some for her daughter, off and on, for some time, quite a little of it. At that time she lived in the fourth house from where we lived. She took the medicine for general debility, I think. I am not sure, either. I know she wasn't feeling well and she used to take it; she had headaches.

I know Alice M. Dewhirst, who lives in Groveland, Massachusetts. She went to the same school with my daughter, and they visited back and forth, and she used to come to the house, and she has taken some of the Rex, and her mother has taken it, and they know about it. She began coming to the house in 1882, I think. The Rex medicine was called to her attention. I guess every time she saw us we would tell her about it and she would ask about it. That was when she went to school with my daughter. I think she must have seen the card in the window when she visited our house.

We had a pretty good mail order business, and used to have some more every week. People would be told about it and would send for it. I think the mail order business covered a long time, covered quite a long while. I couldn't say just how long. It grew larger as time progressed.

I think I filled some orders from Rhode Island. I don't remember any other States than those heretofore mentioned.

I think I made a mistake in saying that my business amounted to \$1,200.00 in 1910. I think it was the year before we brought the suit against Jaynes, if I ain't mistaken, that I made the sales to the amount which I testified in answer to Mr. Brooks' question.

In the suit I had against Jaynes I contended that the Jaynes goods resembled my goods so closely in appearance that deception and confusion were likely to follow. It was the similarity of the names as well as the similarity of the goods that concerned me at the time. The Jaynes box was quite a little larger than mine, with a blue label on it. The tablets were round and were designated as "Light" and "Dark," and ours were designated as "Light" and "Dark."

I have testified that the Patent Office application of the United Drug Company that I opposed sought to register the word Rexall for a large variety of medicinal goods.

87 During the course of my business I had the preparation made up in large quantities ahead of sales after we began to put it in tablets. I think we had quite a little stock on hand when I sold out.

#### Deposition of Annie J. Regis.

I live at 25 Franklin Street, Haverhill, Massachusetts. I sell pianos.

My mother, Ellen M. Regis, is engaged in no business now, except housekeeping. She was the owner of and engaged in the Rex medicine business in the past. She began that business shortly after



she became cured, in 1876, after being ill three years of stomach and heart trouble. I fix the date because she was cured before my brother, William, was born, and he was born in March, 1877. I connect the beginning of the business with the time my mother was cured, because she commenced to sell the medicine shortly after she became cured, and it was the medicine that cured my mother. The family physician had been doctoring her for heart trouble, and when she was not improving, her friends persuaded her to try another physician, and that one doctored her for her stomach. She improved slightly, but didn't seem to gain in strength any until she commenced to take Rex medicine, and by continuing the use of that she became cured. I was fourteen or fifteen; that was in 1877. The doctors who treated my mother are dead.

My father found the Rex medicine in Mr. George A. Kimball's drug store on Merrimac Street, Haverhill. The proprietor found it in the cellar of this store. It was not in shape for immediate use. It was in paste form and had to be mixed with flour to take it, which was done by my mother before taking it.

At the time of this illness, my mother took the medicine quite a long time, and then she has taken it off and on ever since.

People who knew how sick my mother had been called to inquire what had helped her, and asked her if they could have some of it to see if it would help them. At first she would give it to them and afterwards people would come to buy it, and some of those who became cured told her that she ought to sell it; that it was a public benefit; and they wished they had the right to it, they would sell it.

We began selling it shortly after mother was cured. She might have given some away before, but the actual sale began some time after my brother's birth.

88 My mother had a very severe illness. She was confined to the bed about seven months, only being able to sit up long enough to have the bed made, but she got so she could not eat hardly anything; even a little cold water would distress her.

I took no part in the business at the beginning. In the earliest days the business was conducted at our home on Temple Street, and my mother used to mix the ingredients in a pill form, and at first gave it away and then sold it to people. The business was small at first, but it gradually began to increase, because people would tell each other about it. It was never discontinued up to the time of the sale to the United Drug Company.

I am familiar with the ingredients in the preparation. Those ingredients were always the same, only they were made a little stronger. Then there was the addition of the dark tablet, which was a distinct preparation, a separate medicine that was used as an aid to the Rex and was called "Rex Aid."

In the earliest days the medicine was put on the market in pill form, afterwards in capsule form, liquid and tablet form. The ingredients have always been the same.

I have always lived with my mother. The household consisted of my father and mother, my grandmother and two brothers, Fred



and Louis. My father, grandmother and brother, Louis, are dead. My brother, William, is now in New York.

At first the remedy was sold in a small, round, mottled pill box, with the word "Rex" written upon the top of the box. Sometime it was written "Rex," sometimes "Rex Cure," and sometimes "Rex Dyspepsia Cure." Sometimes we used to write it on the box and other times cut out little round labels and marked it on that. The practice of writing "Rex" on the box continued until 1893, when we had our first printed labels. We continued having printed labels until we sold out. We began writing "Rex" on the box at the time my mother began to sell it, at the very beginning of the sales. The word "Rex" was adopted because it was taken from our family name, Regis. The word "Regis" is the genitive case of the Latin "Rex," and we called it "Rex, King of Cures," as we realized it was a cure and a good medicine.

The sales were at first limited to those made at the house. The people would call there for the remedy until my mother felt enough better and had call enough for it so that she felt like going out to sell it, which was not a great while after she became cured. Mother can state the date better than I, because she went out to sell before I knew she was selling it. I knew she was selling it not a great while after she became cured. It was shortly after she became cured.

I first began to take part in the business in the early '80's. I remember taking some of it to the State Normal School in Salem, Massachusetts, in 1882, and gave it to a few schoolmates. One was Miss Annie Ransom, and I think I gave it to a few others, but I wouldn't be certain of their names just now. I don't know where Miss Ransom lives.

Afterwards I purchased the ingredients quite a few times; first in Haverhill, and then, as we were going to sell quite a little of it and I didn't wish to have the druggist that I purchased it from know what we were using the ingredient for, I bought it in Boston. I purchased it in Boston in Goodwin's drug store on Hanover Street, as early as 1885, and I am not quite sure but that I purchased it a year or two previous to that, as I went to Boston frequently. I fix the time as 1885, because I was then attending the Lowell School of Design, a branch of the Massachusetts Institute of Technology of Boston, leaving there in 1885. My purchases in Boston continued right along until we commenced to have the medicine put up in tablet form, 1902.

After coming back to Haverhill in 1885 and from then on, I participated more actively in the business. First I assisted in packing and selling it some, not giving all my time to it, but off and on, because I was at the time engaged in some other regular work. Later, as the business grew larger, I began to give somewhat more time to it and eventually devoted a considerable part of my time to it.

"Int. 59. For what purposes was the Rex preparation intended and recommended by your mother at the outset of the Rex business, if you know, Miss Regis?"

"Ans. Headache, stomach and liver trouble, biliousness, gas on the stomach, blood builder and blood tonic. It was recommended by my mother for rheumatism, neuralgia, as an appetizer, as a regulator and for the entire system. It acted as oil does on machinery, and built up the general health.

"Int. 60. Were any changes made in the purposes for which the medicine was recommended between the time the business was started and the time it was sold?

"Ans. As different people became cured and told what it cured them of, it was recommended for those other ailments.

"Int. 61. Did your mother at any time cease to recommend the medicine as a cure for stomach and liver troubles, or as a blood builder, or as a tonic, or for the other ailments that you have specified?

"Ans. No, sir."

It was prepared in liquid form for people who couldn't swallow a pill. We were always ready to meet any demands for this form of the medicine.

We had circulars printed and advertised in newspapers, programs, directories, posters and window cards. The earliest form of advertising was the window cards, which, I think, were first used about 1883. They were placed in a front window of our home on Temple Street, and I think they had written on them "Rex Dyspepsia Cure Sold Here," or "Rex Dyspepsia Cure for Sale." This form of advertising continued quite a while. I have none of these cards in my possession at the present time. They were destroyed as they became soiled, and a new one put in, until some years after when we had a number printed.

When the medicine was first put up in pill form, the atmosphere affected it so that it became moist and would not keep very long at a time. It would keep all right if the people would think to keep it in a cool place, but if they forgot about that, it would run to moisture. When we began to put it in capsules, at first it kept longer, but we didn't know of any ingredient to put in it to keep it from getting moist, but after a while we heard of an ingredient to absorb the moisture. After we began to mix that with it, we could put up more at a time and handle it better to sell, and could sell it at greater distances and sell more of it. Later on, of course, when we had it put in tablet form, we had worked up quite a business until we had a real good sale for it and it kept increasing. The sales were not confined to Haverhill. They extended to quite a few cities—Lawrence, Lowell, Boston, Salem, Danvers, Beverly, Peabody, Merrimac, Amesbury, Newburyport and a number of places in New Hampshire, Maine and other States, such as Vermont, New York, New Jersey and some was sent to Canada and Nova Scotia. My mother kept memorandums of places and names as early as the '80's, so that she could see some of the people and have them continue its use until they became cured, and kept track of how some of the people improved by taking it. These memoranda were destroyed in house-cleaning time some years ago.

We began having circulars printed in 1898. Before that time

mother informed people of the qualities of the medicine, and as people became cured they told each other and they told my  
91 mother that she didn't praise it enough, and my mother told them it was good for that list of ailments I have already mentioned in an earlier answer.

I have been acquainted with Mrs. John Marcotte of Haverhill since I was a little girl. She has a daughter, Mrs. Ida Belanger, and two sons, Daniel and William Marcotte, both living in Haverhill.

Mrs. Lucy Carr was a niece. I was quite well acquainted with her when she was unmarried and living at Mrs. Marcotte's house.

I was acquainted with Mr. and Mrs. Patrick Hines. Mr. Hines is dead. They were god parents to my brother William. I knew them before that time.

I became acquainted with Mrs. Alice Dewhirst about 1880 at the Salem State Normal School. She was my seat mate and we graduated in the same class in 1882. She visited me after that on several occasions.

I knew Miss Josephine Mahoney. She was a recipient of Rex in 1882. I came across a postal card from her within a short time, which was dated February 5, 1882, and thanked me for sending her some Rex medicine. I remember the incident of sending it to her very well, but for that matter I took some of Mrs. Mary Flood in Lawrence as far back as 1877. She is now living on Mall street, Lynn. My acquaintance with Mrs. Flood and Miss Mahoney was quite friendly. We visited back and forth occasionally. I have not seen Miss Mahoney now for a number of years.

We began printing labels in 1893, Chase Brothers in Haverhill printing the first ones. The first order was for at least 500, but I am under the impression it was 1,000. Prior to that we had written the name "Rex" on the boxes.

(The witness here filed one of the first labels printed in 1893. Same was marked for identification "United Drug Company, Exhibit No. 2, Regis Printed Label.")

We adopted a printed label at that time because of the increase of sales of the Rex medicine. We never after that returned permanently to the old method of writing the word "Rex."

(The witness here filed one of the second set of labels which was printed and placed on the medicine, same being identified as "United Drug Company Exhibit No. 3, 2nd Regis set of printed labels.")

Of this set of labels we had 10,000 printed.

The labels you now hand me are the third set of labels printed by E. M. Regis & Company. The one printed in black was for the top  
92 of the box, and the one printed in red was for the bottom of the box. These were used by E. M. Regis & Company, a partnership that my mother and brother Joseph formed in 1899. Up to that time my mother had been sole owner of the business, and after that time the business was conducted by the partnership of E. M. Regis & Company.

(The two labels just referred to were offered in evidence, the black

label being identified as "United Drug Company Exhibit No. 4, 3rd Regis Top Label," and the red label being identified as "United Drug Company Exhibit No. 5, 1st Regis Bottom Label.")

My brother Joseph died a year ago.

The three labels you hand me were bought after the previous ones had been exhausted—I think 25,000 of each kind. The black label was for the top of the box, the red label for the inside of the box cover, and the blue label for the bottom of the box.

(These labels were offered as evidence, the black one being marked for identification "United Drug Company Exhibit No. 6, Regis 3rd Top Label; the one in red "United Drug Company Exhibit No. 7, Regis inside Cover Label; and the one in blue "United Drug Company Exhibit No. 8, 2nd Regis Bottom Label.")

The three labels you now hand me are similar to the preceding set of three labels, except that the top label is changed to comply with the pure food law.

(These were filed as evidence, the black one being marked for identification "United Drug Company Exhibit No. 9, Regis 4th Top Label; the one in red "United Drug Company Exhibit No. 10, Regis 2nd Inside Cover Label; and the one in blue "United Drug Company Exhibit No. 11, 3rd Regis Bottom Label.")

These were all used by E. M. Regis & Company. The bottom label appearing on the last two sets of three labels, and headed "Buy genuine Rex Dyspepsia Tablets," was adopted because of the decision in an infringement case against Jaynes & Company for using the word "Rexall" on Dyspepsia Tablets.

I can identify the box marked "Rexall Dyspepsia Tablets," which you hand me and which was the cause of our suit, "Regis v. Jaynes."

(The box just referred to was offered in evidence by the witness, marked for identification "United Drug Company Exhibit No. 12, Rexall Dyspepsia Tablets Box.")

The red label offered in evidence by me contains a list of the ailments, and was first used in 1902. The use of it was continued until we sold out.

At the time we sold out we had on hand 500 boxes of medicine and tablets that would fill many other boxes, and we had several thousand labels. We must have had about 8,000 tablets we had not put up in boxes.

The circulars you hand me we had printed advertising "Rex" between the years 1898 and 1902. We also had others after that, making a total of about 61,000.

(The circulars referred to were offered in evidence and marked for identification "United Drug Company Exhibits No. 13 to 16 inclusive, Regis Advertising Circulars.")

The testimonials appearing in these circulars represent letters given by people who had become cured by taking Red medicine. These were received quite a few years back; about 1890. None of

these are now available, but have been destroyed from time to time over a great many years, because we never realized that they would be of any value to ourselves or anyone else.

I know the group of magazines, "The Catholic Calendar." They are magazines that were printed and distributed by the St. James Church in Haverhill from the year 1898 to, I think, 1902.

I wrote the advertisement in the issue of December, 1898, on page 22, and had it inserted in the calendar. I also wrote the advertisement appearing on page 39 of "The Catholic Calendar," dated April, 1900, and page 6 of the calendar, dated May, 1900, and had them inserted in the calendar. I wrote the advertisement inserted in "The Catholic Calendar" on page 29 of the issue of February, 1901, as follows:

"Cure your indigestion and build up your blood with the wonderful Rex Dyspepsia Cure, King of Cures for stomach and liver troubles. Local agency at 25 Emerson street, where E. M. Regis & Company will show you many Haverhill testimonials.")

Also the one on page 29 of the issue of March, 1901, which is as follows:

("An Excellent Blood Purifier.—Rex, the wonderful Dyspepsia Cure, removes distress and strengthens the stomach and bowels, also regulates the system. An eminent physician's remedy. Many Haverhill testimonials at the Haverhill agency, 25 Emerson Street.")

I paid cash for the raw material purchased by me for "Rex" at the time I was a student at the Art School.

My mother had the trademark "Rex" registered in Massachusetts in 1898, and the trademark "Rex," as a medicine, registered in the Patent Office at Washington in 1900.

(Direct examination closed.)

94 (Subject to recall.)

(Direct examination re-opened for the purpose of introduction by counsel for the United Drug Company of the following exhibits:)

(Catholic Calendar dated December, 1898, which the Notary is requested to mark "United Drug Company Exhibit No. 27, Catholic Publication of December, 1898;")

(Catholic Calendar dated April, 1900, which the Notary is requested to mark "United Drug Company Exhibit No. 28, Copy of Catholic Calendar;")

(Issue of Catholic Calendar dated May 19, 1900, which the Notary is requested to mark "United Drug Company Exhibit No. 29, Catholic Calendar, Edition of May, 1900;")

(Issues of Catholic Calendar of February and March, 1901, which the Notary is requested to mark "United Drug Company Exhibits No. 30 and 31, Catholic Calendar Publications.")

(Defendants' exceptions to Exhibits 27 to 31 overruled.)

#### Deposition of Frederick J. Regis.

I am forty years old, a postoffice clerk, and reside at 25 Franklin street, Haverhill.

My mother, Mrs. Ellen M. Regis, and my sister, Annie J., are living at home with me. My brother, William H., is living in the western part of the country. My father has been dead seven years last September.

My mother was engaged, I should say, for over thirty years in manufacturing these Rex pills. When I was a little boy she used to make these pills and give them to me and the other members of the family. When I was about six years old, my mother used to get the medicine from the bottle by means of a table knife and roll it into small pills, and I used to have to take at least one each time.

I lived at home until I went to Ottawa University in 1890. Before I went away in 1890 people used to come to the house off and on to buy pills. My mother used to go out evenings to sell the pills, and after a while she was selling so many that she wasn't able to put them up fast enough. I judge I was around nine years old when these facts first impressed me.

After mother had been putting up these pills for a while I noticed that she went to capsules, and she put them up in capsules for quite a while, and finally, I think, she wasn't able to put them up fast enough and she devised some other method of filling these capsules. She had a board with, think a hundred holes in it. She used to put these capsules right in and then fill them up.

95 The pills were put in an ordinary round pill box, with the word "Rex Cure" or "Rex Dyspepsia Cure" written on the top of the box.

My mother used to call the medicine "Rex" in speaking of it. I remember this as a regular thing as far back as when I was about nine years old. I used to see these boxes, with the words "Rex" or "Rex Cure" written on them, around the house all the time in various quantities. Sometimes there would be quite a lot of them right in sight and others would be in the closet, some full and some empty.

I had no personal connection with the business at the time because I was leaving school, and besides a few chores I didn't have any work to do.

When my mother went out in the evenings with this medicine she would sell it. My mother had cards with "Rex Dyspepsia Cure" and "For Sale Here" written on them. I couldn't state definitely when I first saw these cards, but it was long previous to the time I went to Ottawa University. I should say the principal one, that I have the most distinct recollection of, was the one that was in the front room window of our house on Temple Street, Haverhill. I place the time when I saw that card shortly after the big Haverhill fire, in 1882. The display of such card was continuous. It was always there, so far as I know. The card was possibly 10 inches by 16 inches, something like that. The letters were probably three inches high and the word "Rex" was in larger letters than the rest of it.

My mother continued making the Rex medicine, and it always seemed to grow larger, in my estimation, all the time; and she didn't stop until she sold out a couple of years ago. In fact the business got so large before the lawsuits began that my brother Joseph, now dead,

and my sister Annie both gave a large part of their time to it, as well as my mother.

Deposition of Mrs. Ida M. Belanger.

I am fifty-five; reside at 68 Lafayette Square, Haverhill, and am a housekeeper. I have lived at the same place for twenty-seven years.

My father, John Marcotte, is dead; my mother, Cordelia Marcotte, is living at 22 Hancock street, Haverhill. Daniel E. Marcotte and Wm. E. Marcotte, my brothers, live in Haverhill. I have lived in Haverhill fifty-one years and have known Ellen M. Regis ever since I can remember. She was a friend of my family and exchanged visits with us. We did not go to see her very much, but she used to come to see us frequently.

96 I lived with my mother until I was married to Henry Belanger, on February 26, thirty-four years ago.

(Marriage certificate of Ida Marcotte to Henry Belanger was offered in evidence and identified as "United Drug Company Exhibit No. 17, Marriage Certificate of Henry Belanger and Ida H. Marcotte.")

All my mother's children who were older than I are now dead.

Between the 70's and 80's and a few years preceding my marriage, my mother's household consisted of my two cousins, Cornie and Luey Austin. Cornie is dead. Lucy is now Mrs. Carr, living in Bradford, Massachusetts. Lucy lived with us eight or ten years; until she was married.

I remember Mrs. Regis had a serious illness for two or three years before I was married. Her illness was a wasting away and feeble. She was feeble and thin; couldn't eat anything; two or three years. She was sick all the time; she was getting worse every day. She doctored and tried different medicines as a treatment for her sickness.

"Int. 30. Do you know of any doctors or medicines that she tried?"

"Ans. Well, after she tried other things, I know she was always trying different medicines, she tried the Rex.

"Int. 31. What was the result, if you know of the use of, the Rex medicine?"

"Ans. Beneficial to her health; she got well."

She said she was trying "Rex," a medicine that she made from a prescription which she got from a doctor's book, as I understand it.

I have seen the medicine myself. It was in capsules and tablets. Pills was the first. Mrs. Regis must have taken it in pill form.

The first I ever heard of it was when Mrs. Regis took it herself. She was the first. Later I kept hearing more about it when Mrs. Regis came to the house and would talk about it. She would talk about it all the time whenever she came. The next thing I heard after she was cured by it she was selling it, and that was good. She was making it and selling it. I think she was selling it before my marriage.

The frequent mention of "Rex" by Mrs. Regis had the effect, well, as a joke amongst the children. She had mentioned it so often,



spoken of it so often. If anything would happen, the children would say, "Take Rex," no matter what would come up. This joking occurred before my marriage. After my marriage I didn't live at my mother's house, but in another part of Haverhill.

97 I used the preparation myself about thirty years ago, I should think or so. It was after my marriage, three or four years after, I should say.

When I first saw this medicine it was in a pill-box, with the word "Rex" written on the cover of the box, and directions how to take them, but I don't recall definitely. I remember seeing "Rex" on the boxes subsequent to that.

I took it as a tonic, to sort of build me up.

"Int. 57. Do you recall whether or not you bought this Rex preparation that you first used, or whether it was given to you?"

"Ans. I think I bought it."

Mrs. Regis never discontinued the business until she sold out, which was a year, a year and a half, or two years ago.

My mother used the Rex medicine. I don't believe I recall anybody else just now, although I heard people speaking of it from time to time.

I think Mrs. Regis' daughter Annie, and her son Joseph later on, helped her in the business.

#### Deposition of Mrs. Lucy C. Carr.

I was born September 5, 1852; am a shoe stitcher. I live in Bradford, Massachusetts, with my daughter, Mrs. Short. Bradford is a part of Haverhill. I came to Haverhill when I was eighteen years old and have lived there ever since, excepting one year, when I lived in Detroit, Michigan, which was more than thirty years ago. I first lived on Eastern Avenue and in about a year moved to Cedar Street with my aunt, Mrs. Cordelia Marcotte, and her family. Her family consisted of her husband and four children, and her husband's sister, and my sister Cornie. I lived with them until about a year before I was married to Wilmot S. Carr, which was on November 10, 1877. I was married at Lawrence, Massachusetts.

(Certificate of marriage was here offered in evidence, marked for identification "United Drug Company Exhibit No. 18, Carr-Austin Marriage Certificate.")

I was always acquainted with Mrs. Regis. I first knew her at my aunt's, Mrs. Marcotte's house, shortly after I came to Haverhill. I was very much acquainted with her because I met her so often I couldn't help being so. I saw her principally at Mrs. Marcotte's house on Cedar Street. She came to see my aunt, she was very friendly with her.

98 While I was living with Mrs. Marcotte, Mrs. Regis had the stomach trouble and she was quite sick at times, so I think she used to take her bed, but I know she used to be laid up off and on with this stomach trouble. I should judge she was sick two or three years, and it might have been longer. In order to cure herself



Mrs. Regis did nothing more than I know that she had a formula or made a formula of what she called this Rex for dyspepsia trouble and so on, and after she began to take that she began to get better. I don't know when she began to get better. I don't remember the exact year. I know she had been sick quite a little while with this trouble, and after she took this herself and was better she used to advocate it to most everybody she would meet. I can't remember fully whether her improvement came before or after I left the Marcotte house, but it seems to me that it was before I left there. It was before I was married.

I heard Mrs. Regis speak of this medicine lots of times during her visits at the Marcotte house. She described it as Rex, always Rex, ever since I ever heard anything about it. This harping on the subject of Rex by Mrs. Regis, of course, had no effect on the older people; they didn't seem to mind it any, but us younger ones did because we didn't care to hear of it all the time. It got to be a joke. We would vanish when she was coming, we didn't want to hear about it all the time.

I know Mrs. Regis engaged in manufacturing this medicine. She began to sell it in her home among the neighbors. I can't say when. I can't tell the exact year, but I know she sold it from her home. I know that she used to tell of it at my aunt's. I purchased some of the medicine myself. I think the first time I bought it was when I was in delicate condition; my stomach was bad. I had doctored with doctors quite a little but it didn't seem to do any good. This was when my daughter, now Mrs. Bessie L. Short, was born, in August, 1881. The delicate condition that I spoke of was my condition preceding her birth, and it was a few months preceding her birth that I bought the Rex medicine. My daughter is thirty-one.

(Birth certificate of Bessie L. Carr offered in evidence and identified as "United Drug Company Exhibit No. 19, Bessie L. Carr Birth Certificate.")

I don't know as I remember whether she done a big business in the medicine or not. I have used it myself twice since then. I couldn't tell how long Mrs. Regis continued to sell it. The last of my knowledge of it was when she was on Winter Street. I can't remember when that was; quite a little while ago. In a general way I have heard Rex medicine spoken of or advertised in recent years. I don't remember when my subsequent purchases of the medicine were made. It was later, after the girl was born.

#### Deposition of James M. Smith.

I am sixty-eight; a police officer, and have resided at 75 Temple Street since 1882. My wife's father bought the house from Ira Sawyer in the fall of 1882.

I knew William H. Regis and his wife, Ellen M. Regis. They lived opposite here, at 68 Temple Street. I have known them over forty years possibly, because he used to work in my shop when I ran

a contractor's shop. He ran two teams there. That was in the '70's somewhere.

I have no doubt the mother and the daughter were connected with the medicine business, I should judge they were agents or something of that sort. I base this statement on the fact of seeing this in the window, this advertisement, "Rex" you know, a blood medicine, and I heard them talk of it. The sign, I should judge, was on a card perhaps 9 by 12 inches, it might have been 8 inches square. I noticed the "Rex" in particular on the card. I didn't see anything else. But they told me it was a blood medicine that was very nice, and people were gaining when taking it. I first saw the card about five or six years, I should judge, after we moved here. I know it was somewhere along there. It was in the further front window, facing the street, down stairs in the Regis house. I noticed the word "Rex" on the card because it was in larger letters than the other words. That took my eye particularly.

I think I have heard the medicine spoken of by others than the Regises. I think I have heard about people taking it, but I have only heard it recommended for *any* particular ailments by Mrs. Regis.

"Int. 21. For what purposes has she suggested it, besides a blood medicine, if you recall?"

"Ans. I can't exactly tell what that medicine was for."

I never took any of it myself. Some time after I saw the card Mrs. Regis recommended it to me and urged me to take it for a cold. I think I had a very severe cold and a bad cough. I have never seen the medicine itself. I have seen the store windows of it, down at the Flynns, I think, a drug store on Merrimac Street. That was soon after I noticed it over here at the Regis house. I think 100 the packages were small bottles, I couldn't say for sure. I don't remember that. I don't know whether they were half pints or what they were, or gills, I couldn't tell.

I have seen advertisements in the papers, the daily papers, along about that time as near as I can remember now.

#### Deposition of Mrs. Alice W. Dewhirst.

I am fifty; housekeeper, and have lived for twenty-two years at 439 Main Street, Groveland, Massachusetts. Previous to that time I lived two years in New Bedford, Massachusetts, and the years preceding that in Groveland.

I attended the Salem Normal School, Salem, Massachusetts, from September, 1880, to June, 1882, with Annie J. Regis, and through her became acquainted with the Regis family, including Ellen M. Regis, the mother. The Regises were then living on Temple street in Haverhill.

I knew Annie J. Regis as an intimate friend and schoolmate during our attendance at this school, and between 1880 and 1882 I visited at the Regis house on Temple street, and understood that Mrs. Regis sold a medicine called "Rex," a dyspepsia cure. It was during our attendance at school that I went to the Regises, and at

that time I stayed over night, I remember it distinctly on account of a very severe thunder shower that we had during the night.

My information was that Mrs. Regis had taken the medicine and been cured by it, and for that reason she wanted to sell it and said she was selling it on account of the cure she had experienced herself.

"Int. 16. Mrs. Regis told you that she was making and selling it at that time?"

"Ans. I think Mrs. Regis did; I am sure I visited there."

(Exceptions to Interrogatory 16 sustained.)

I don't remember any evidence or anything I saw that led me to believe Mrs. Regis was selling the medicine. I think I never saw the medicine. I saw when I went to the house a card in the window advertising a medicine called "Rex." I should judge it might have been 12 inches by 15 inches, with "Rex" written on it. That is all I can remember. The letters, I should think, were from an inch and a half to two inches high, they were large letters. I did not see any medicine. I understood from Mrs. Regis that the medicine was a dyspepsia cure.

"Int. 24. And for any other purposes?"

101 "Ans. I don't remember."

Mrs. Regis and Annie told me that they were engaged in the sale of that medicine at that time. That is all I could tell about them at that time. I think it was Mrs. Regis more especially at that time. I don't think Annie had much to do with it then. I think I didn't see any other forms of advertising in those days.

#### Deposition of Ira O. Sawyer.

I am seventy-five. No active occupation; was a shoe-manufacturer for twelve years; last business was a cashier; have always lived at No. 1 Fifteenth Avenue, Haverhill.

Have known Mrs. Ellen M. Regis since 1869. She lived on Temple Street. I lived on the corner of Tremont and Central Streets. After 1869 it was several years before I saw her.

All I know about her medicine business was that she came to the house; I don't know which one it was, she or her daughter. They had some medicine to sell, of some kind. My wife, Martha, bought some of it. They called it "Rex." I don't know the virtues claimed for the medicine. My wife bought this medicine, I should think, sometime along 1880 or 1882, sometime along there. My reason for fixing on this date is that I had been to California and had returned, and that was the first I heard about it, and that was in 1880 or 1881.

"Int. 18. Will you please state all the circumstances you know regarding your wife's buying the medicine at that time?"

"Ans. All I know is she told me, told me she bought some medicine from her. I didn't take any of it. It wasn't my kind of medicine exactly.

"Int. 19. Do you remember whether your wife said from whom

she bought the medicine, whether it was Mrs. Regis or the daughter?  
"Ans. I don't recollect."

(Exceptions to Interrogatories 18 and 19 sustained.)

Deposition of Daniel E. Marcotte.

I am 46; live at 36 Jackson Street, Haverhill; am a stock fitter. John Marcotte, deceased, and Cordelia Marcotte, living in Haverhill, are my parents.

I have always lived in Haverhill, with the exception of two years in Portland, Maine, ten years ago.

I have known Mrs. Regis since I was six or seven years old. She was an especially close friend to my mother and would come to our house four or five times a week.

I have known Annie J. Regis, Mrs. Regis' daughter, about as long as I have known Mrs. Regis. They were always together.

My father's family consisted at that time of my sister, Mrs. Belanger, my brother William, and Lucy Austin, who afterwards married Carr; also her sister, Cornie Austin, who is now dead, and Miss Dwyer, who is now dead. I think I had a younger brother, who is now dead. These people were in our family when I was between seven and nine years old.

About this time Mrs. Regis was a very sick woman, with stomach trouble. I should say she was sick two years to the best of my recollection.

"Int. 17. Do you know whether or not Mrs. Regis took any measures to relieve her condition?"

"Ans. I do; yes, sir.

After she had been sick about two years or so she began to get better. She was taking a treatment prepared by herself, which she called "Rex." I don't know, of course, what the ingredients of this medicine were, but it was in pill form. The only thing that I have heard her say that I can recall about the remedy was that it was a remedy that she had studied out herself. She had experimented and studied out this remedy. After her improvement I heard considerable about "Rex" from her. She was trying to force the medicine, the sale of it, to get right down to the truth of it, and, of course, wherever there was anybody sick, why Mrs. Regis made it a point to go there and tell them the work her medicine was doing, and would do them, and what it had done for her.

I have heard her mention "Rex" at our house a great many times as a medicine. In fact, I heard of it so much it got to be a joke, "Rex" being used by her so much it got to be a regular joke amongst us. If I went out in the cornfield and stubbed my toe, why my sister, Ida M. Belanger, would tell me to take "Rex," you know; it was one huge joke with us. My sister was unmarried at that time and living at our home on Cedar Street. Since that time I have often heard of Mrs. Regis' Rex medicine.

In a general way I have heard that Mrs. Regis was manufacturing the goods. She was putting them out and selling them.

I recall seeing the preparation itself when I was ten or ten

years old, something like that. It was then put up in a small, round pill box, such as they used everywhere. I don't recall seeing anything written on the box. You see I was young at that time. I didn't pay much attention to writing any kind.

I remember the circumstances connected with the adoption of the word "Rex" as a trademark by Mrs. Regis. I can recall her taking up the adoption of a name on several occasions with my mother, immediately after her recovery from sickness by taking the preparation, when I was about eleven years old. They talked it over several times, in regard to what would be the proper name, and as near as I can recall Mrs. Regis came there at the house and said that she had discovered a name for her medicine, and the name that she was going to give her medicine was "Rex." Almost immediately after this she began to make the preparation; why it seems to me within two or three weeks she was out selling it.

#### Deposition of William E. Marcotte.

I am 42; have always lived in Haverhill, Massachusetts; now live at 22 Hancock Street; am a salesman of shoe findings; am a brother of Daniel E. Marcotte and Mrs. Ida Belanger.

I have known Mrs. Ellen M. Regis since way back in the '70's, when she used to come and call on mother, it seems to me every other day, friendly calls. I also knew Annie Regis, her daughter. She used to come to our house quite frequently with her mother.

Mrs. Regis' husband was French, and she was neighborly, and there wasn't very many French families in Haverhill at that time.

"Int. 10. Do you know whether or not Mrs. Regis ever had an illness of any severity?"

"Ans. Why, no, not to my general knowledge. I remember of her being sick along at that time, at the time when I was about six or seven years old, around 1876 or 1877. She was ailing about all the time, I should say. I don't know whether she was able to do her housework then or not."

I can remember that Mrs. Regis was identified with a preparation at that time, something that she used to take herself and recommend. If I remember correctly, they used to call it "Rex." As near as I can remember I first heard it called "Rex" right around when I was six or seven years old. I fix the time by the fact that it was previous to my sister Ida's marriage. It was before she married. I fix the time as being before she married, because I

can remember of the folks, the family, saying jokingly if anything ailed any of us or any of them, "Why don't you take Rex?" "Rex is good for you," or "Rex will cure you," and my sister Ida said this at the time she was living at home.

I don't remember seeing any of the medicine, they say they had it. I was a kid and didn't stop to look at that sort of stuff. Mrs. Regis used to have some with her. I could swear to that.

"Int 17. Do you know whether or not the preparation was actually put up for sale by Mrs. Regis at this time you have testified to?"

"Ans. No, only by herself, that was all.

"Int. 18. Was it put up for sale by her?"

"Ans. Yes. She used to sell it, advocate it. She would sell it, and say that she sold it, and that people had used it with good results.

"Int. 19. Do you know anything with regard to the purposes for which she claimed the Rex medicine was adapted at that time?"

"Ans. Ever since I was a little kid I have always had more or less indigestion and dyspepsia, and things of that kind, until late years, and I know that was why they used to spring it on me about taking it".

I should say Mrs. Regis sprung it on me right around in 1888, right around in that neighborhood, when I worked for Exe Belanger. I went to work for him in 1884. That was my first job. I stayed with him four years. He was my sister's husband's brother. The medicine was called to my attention at that time by Annie Regis, who was working for her father in a coal office where I used to buy coal, and she used to tell me of this "Rex." They always had a great way, when they saw you, of saying, "You aren't looking well, why don't you take Rex?"

As to recent times I only know that Mrs. Regis used to say that she was selling a good deal of it. Of late years I have never given much attention to it, but I did see clippings in the paper, or little advertisements, or things of that kind about Rex Dyspepsia Cure.

#### Deposition of Patrick Hines.

Am sixty-seven; live at 246 Essex Street, Haverhill, and have been in the grocery and provision business since 1868.

I have known Mrs. Regis since before I went into business.

My wife has been dead twenty-eight years. She was a close friend of Mrs. Regis. When she was sick Mrs. Regis used to come as one of her best friends. Between 1870 and 1880 we used to see Mrs. Regis every week. She was a customer at my store and used to come to my house.

She had a sickness along in 1875 and '76. I am sure I couldn't tell you what it was, but I know this medicine she got was what cured her. I never took any of it, never had any occasion to anyway, but I have heard others speak of it as a good thing and it helped lots of people, and she sold a lot of it, too. It went by the name of "Rex." Mrs. Regis' Rex was what people called it. I heard it first called Rex right after she got well—well after she got started. As near as I can fix the date it was along about 1876. It might have been a little later. It has been on the market a long while.

William H. Regis was a son of Mrs. Regis, and I stood as god-father for him in 1877. I don't think it was more than a year or two after that when Mrs. Regis began to sell the medicine. I don't know as it was as long as that. She sold a little of it, commenced right away after she got well. I saw the preparation in those days in little, round boxes, with the word "Rex" written right in the middle of the top of the box. I have heard other people speak about the

medicine and talk about Mrs. Regis. Mrs. Regis continued to sell it right along until she sold out her business.

Deposition of Miss Maria E. Robinson.

Am 53; reside at 88 Preston Street, Providence, Rhode Island, and am a housekeeper.

I moved to Haverhill, Massachusetts, with my mother and two sisters from Halifax, Nova Scotia, in about 1880, when I was twenty years old, and lived there until about seven years ago, when I went to Lawrence and from there to Providence, where I have been living about four years.

My first home in Haverhill was on Essex Street, with my aunt, but we soon got a house at No. 5 Beacon Street, where we continued to live ten years.

I knew Mrs. Regis from the first time I went to No. 5 Beacon Street. I think she called on us. I could not remember the first time I saw Mrs. Regis. I do not think any one introduced us, but as we were strangers and she was a neighbor she and her daughter Annie called on us. She lived on Temple Street, the next street to ours.

She had a medicine she made for dyspepsia and other things that she used to call "Rex." My attention was first called to it when I was sick with my stomach and she sent me over some, or  
106 brought me some; I am not certain which; it seems so long ago. I had trouble with my back and I had spinal trouble and it affected my stomach. I had trouble with my stomach, that is the only thing I remember. I was working for a tailor by the name of John Rigney, on Merrimac Street. I was a coat maker. Sitting sewing so much hurt my back; the doctor thought it was my back, but it also affected my stomach, and it was for this reason that I took the Rex medicine. I must have worked for Mr. Rigney—well, as soon as I came to Haverhill I went to work—two or three weeks after, and continued to work about three years.

I think I saw Annie Regis every time I saw her mother. She was in the Normal School at Salem, but went home to Haverhill nights. She finished the Normal School before I got through with Rigney.

I could not tell how much of the medicine I used while working for Mr. Rigney. All I know is I used it and it did me good, and I could not tell you how much I used. I used it more than once. I could not tell whether Mrs. Regis had it patented or not, or whether she had it in boxes. At that time it was put up in small pills, brown pills; I think they are brown.

After leaving Rigney's I commenced to take boarders, at No. 5 Beacon Street, with one of my sisters.

My sister, Bessie T. Robinson, married Ralph Frost in 1895. My sister, Aurelia Brannon, married John Cullen Bryant shortly after we came to Haverhill. Both of my sisters and my mother are dead.

I don't think I used the medicine any more than the first three years. I didn't use any of it afterwards. Mr. Frost has used it. My boarders used it when I first kept boarders. I heard them talking

about it more or less. I used to hear my sister say she heard them talk about it. I do not recall the name of any boarder who used it. My work was in the kitchen, so I did not come in direct contact with the boarders very much.

Mrs. Regis was always known as "The Rex Woman" ever since I knew her. Everyone spoke of her that way; spoke of Mrs. Regis and her Rex pills.

I began taking the medicine two years after I began working for Rigney. It was about that time I began feeling trouble with my stomach from sitting still sewing. I believe I took it all the rest of the time I worked for Rigney. After I left and commenced working around the house I had no more trouble with my stomach and did not take so much of it.

The first year I was in Haverhill, when Mrs. Regis first  
107 came to call on me, I heard of the Rex medicine. When I first took the medicine Annie Regis was going to Salem Normal School and was about ready to graduate. She used to come regularly over and see me evenings and talk about the school and going back and forth on the train.

#### Deposition of Mrs. Margaret A. Chase.

Am seventy-six; I live in Lynn, Massachusetts, in the winter, 288 Western Avenue, and in the summer I live in Plum Island, off Newburyport, Massachusetts. Am a housekeeper. I have lived in Lynn thirty-five years next October. Prior to that time I lived in Haverhill, on Jackson Street, for eighteen years. I moved from Haverhill to Lynn in 1878, because I was sick and I came to Lynn just as quick as I could after Dr. Green told me I would die if I did not come to the salt water. I had hemorrhages from the stomach, I suppose, but I guess I didn't have much blood. I had a family and worked pretty hard. I suppose I had overdone. Dr. Green said that the hemorrhages came from my stomach, but that I had no iron in my blood and had got to go where there was salt water. I sold my house in Haverhill on the 15th of October, 1878, and left on the 16th. I first lived on Leighton Street in Lynn for seven years.

While living in Haverhill I knew Mrs. Regis. She lived on Temple Street, was my neighbor, a very great acquaintance, almost like my own family. I knew her many years before I left Haverhill. She was a close acquaintance. When she was sick abed I would go over and make her biscuits. The children would tell me and I would go over and cook and help. There was just one street between us, a little short street.

Mrs. Regis was very sick with stomach trouble for a number of years. For days and days she wouldn't sit up at all, and then she would get out and go get some medicine from the different doctors. I should think she was sick five or six years. Perhaps four years real bad, but she was ailing and not able to do much work, if any.

When I left Haverhill, Mrs. Regis was ever so much better and she had this little boy. She was doing her work, and doing nicely. We didn't hear none of these complaints. I think her condition had



been improved, when I moved, two years. Two years surely, if not quite. To treat her illness she had got a new medicine, she had been to another doctor and she had got done taking Dr. Chase's medicine and laid it on the shelf. After this treatment she  
 108 finally came down to making something herself. And she made this medicine, and she took it and it helped her. It finally cured her. It was known by the name of "Rex."

The first time I heard this name associated with her medicine was when I went down to Haverhill from Lynn, the first part of 1879. After I moved to Lynn I didn't go back until the first part of the next year, 1879, and that year I am pretty sure that I took Miss Thompson down, and Mrs. Regis was making it. At that time I heard that Mrs. Regis was better. She showed me the boxes with "Rex" on them. The boxes were little, round boxes, and on the top of it was this black "Rex," REX. The boxes contained her pills, ready to sell, and she wanted to do me up, oh twenty-five or thirty of them, of the boxes, to bring to Lynn and sell them. I told her "No, my people would leave me if I peddled them." I never sold any. She said her medicine was a great thing, one of the greatest.

At this time she was selling, I think, in Haverhill, Lawrence and Lowell, but not in Lynn.

After this first visit I always saw Mrs. Regis at her home, and in her store on Emerson Street, two or three times a year, sometimes more. I remember a certain visit I made with Miss Thompson in 1879. Miss Thompson was a forelady in the shoe shop where worked. Mrs. Regis took the pills and showed them, and Miss Thompson said to me, "You don't want to take them, do you?" and I said, "No, I don't want to take them." Mrs. Regis was going to do me up a paper for me to take the agency at Lynn at the shops, but I didn't. Miss Thompson asked me if it was something that Mrs. Regis had made herself, and I said, "Yes, it is something that she has got on the market, that she made herself." I said, "I don't want to take them. My folks wouldn't want me to go round peddling, and I don't want to myself."

I knew Miss Thompson very well for a great many years. I worked with her seven years in Mr. Cobb's shoe shop. I was her assistant; I was second. When she died, her sister had two memorial cards made, one of which she kept and the other she gave to me.

Mrs. Sawyer was married to Ira O. Sawyer, a shoe manufacturer.

I never took any of the medicine myself, though Mrs. Regis frequently suggested that I take it.

"Int. 46. For what purpose did she suggest it?"

"Ans. She told me it would help my stomach mostly.  
 109 She claimed it was for your stomach. She said it was a tonic for the blood, and it was for stomach trouble, and I think also for rheumatism. She thought it would make iron in my blood. There was one time I was down there and she gave me a box, but I left it on the table."

(Exceptions to Interrogatry 46 sustained.)

I don't know how long the business lasted after 1878.

They said Mrs. Regis was making a good thing of the medicine and getting lots of customers.

## Deposition of Mrs. Alice J. Phillips.

Am 46, and reside at 288 Western Avenue, Lynn, Massachusetts, and am a housekeeper. I have lived in Lynn thirty-five years. Previous to that time I lived in Haverhill. Mrs. Margaret A. Chase is my mother.

I knew Mrs. Regis in Haverhill when I was a little girl. She was our neighbor and a particular friend of my mother. I saw her about every day while I lived in Haverhill. She was sick ever since I knew her until now. She had stomach trouble and headaches, I used to see her head tied up lots of times. She had lots of different treatments. I know she claimed that the medicine "Rex," cured her; she made it herself and sold it. I knew this just a short time before we came from Haverhill, as I remember it. The first time I ever heard the name "Rex" applied to it was five or six years after we left Haverhill.

I never saw any of the medicine, or any of the boxes or bottles or packages containing the medicine until recently. I never knew what it was. I never saw any of the boxes or holders or bottles in which the medicine was contained.

## Deposition of Mrs. Mary Flood.

Am fifty-eight; housekeeper, and live at 78 Mall Street, Lynn, Massachusetts. Have lived in Lynn seven years, and prior to that time lived in Lawrence, Massachusetts, twenty-eight years.

Have known Mrs. Regis forty-eight years. I have known Mrs. Regis' daughter Annie, I presume, about fifty years. When I lived in Lawrence I saw the Regises surely once a year. I saw them in 1875 and 1876; between 1876 and 1880 probably two or three times.

I have three children; my oldest, Joseph, is now dead. He was born February 27, 1876. I saw Mrs. Regis and Annie a few weeks

before and a few months after he was born. They came to  
110 my home in Lawrence and brought some medicine for me, and recommended it chiefly for stomach trouble, I thought.

I was pretty well run down, owing to the birth of my child, and they recommended the medicine to build me up. It was in pill form. They gave it to me. Annie said the medicine helped her mother wonderfully, and they would like to have me try it. I think they said it was a cure for stomach trouble. She didn't go into details as I recall it. Two years afterwards Mrs. McDonald, my sister, told me she took it while she was in Haverhill. I only heard of it again when Annie came and visited me. I would ask her if her mother still prepared this medicine, and she said she did.

I never heard the medicine alluded to by any particular name until twenty-one years ago, when Annie and her mother visited me, and during the conversation I think quite sure she said she was advertising it under the name of "Rex." I fix the time at twenty-one years ago because I had a baby, my youngest daughter. She is twenty-two years old, and was about six weeks old then.

## Deposition of Mrs. Cordelia Marcotte.

Am seventy-six; a housekeeper; live at 68 Lafayette Square, Haverhill. Have lived in Haverhill since 1861.

Have known Mrs. Regis since 1861. When I moved to Haverhill, I went to housekeeping, and I can't say the first Sunday, but it was the second anyway, Mrs. Regis and her husband called on us. Annie was a baby. We were always good friends and I saw a good deal of her. If she had sickness I would be with her, and if I had sickness she would be with me.

I never heard of Mrs. Regis' sickness, only when she had had stomach trouble; she was all run down. She was about three years sick. She tried everything and done everything, and she used to come to my house and pay a dollar to be rubbed and all of these things, that was before she knew about "Rex." Her illness was serious enough so she did not do any work.

My daughter, Mrs. Ida Belanger, lives in Haverhill. She was not married at the time when Mrs. Regis was sick.

She took "Rex" for her sickness. I have seen the pills. I used to call, and she would be making the pills. She told me she was going to try this medicine. She had took up a book and read about it, and told me about it, and I told her yes, I remembered when I was a child in Vermont they used to take it, and at that she continued  
111 making it and taking it. At first she used to make it for herself in pill form with bread crumbs. She took it after meals, and she became a well woman only through her "Rex." It was in '75 or '76, I think. She got well before my daughter Ida was married.

Mrs. Lucy Carr is my niece, and was boarding with me at this time.

After Mrs. Regis got well I heard of people that she gave it to and sold it to that got well.

"Int. 21. When was this with reference to the time she herself was cured by it?

"Ans. It was Rex all the time, for breakfast, dinner and supper. She was talking about Rex continually and made it and sold it with good results, and always I know there was a good result of it. She kept it up right along all the time and at last she thought she would introduce it."

She gave it away or sold it for stomach trouble, as I understood, and general run-down, in fact she sold it for anything. If anyone was sick she gave them "Rex," it didn't make much difference what it was.

It must have been in '77 when the name "Rex" was first applied to this medicine. Mrs. Regis came to me and told me she saw so and so in this book and she was going to try it. About the name, I don't know how many names she had. She advised with me, and would say, "I don't know what name to give it." And finally she told me she talked it over, I think she said Annie and her, and she said, "I concluded to name it 'Rex.'" 1877 is as near as I could fix the date. I know it was before the marriage of Mrs. Carr and Mrs. Belanger, because she came to me and we talked it over. She wanted a name

for it, and would we name it this, that or the other thing. Finally when I see her again she told me she concluded to call it "Rex." That is as near as I can get to it.

She used to come and talk "Rex." Come and stay there and say such a one was sick and I gave her some of my "Rex" and it cured her. Finally the girls and all went at it, and it was all "Rex"; they used it for a by-word. Whoever came in and said, "I am tired," we would say, "Take 'Rex,'" same as anything, a joke—joke about it, but really it was good. As I remember, it is about the time Mrs. Carr and Mrs. Belanger married, about the year or year or so before perhaps.

I have been to Mrs. Regis' and seen her make pills. They were placed in a box then. She had little round boxes she put up  
112 pills in and would write directions on it, "Rex," as far as I can remember. "Rex" was written on the cover of the box.

I took the medicine after she had been making it for probably three or four years, and I have taken it since, too. I have sold some of it for her and sent customers to her. This must have been as far back as '77 or '8, when she first started.

As far as I know, she continued to sell it until about a year ago.

I should judge I saw the word "Rex" on the box about the time my daughter Ida married.

#### Deposition of Louis I. Schreiner.

(Taken May 15, 1913. Defendants' motion to suppress and quash the following deposition, because same was taken more than sixty days after the cause was at issue, was overruled and denied.)

Am forty; reside at 40 Rockledge Road, Newton Highlands, Massachusetts.

I am vice-president of the United Drug Company, Massachusetts corporation, and a member of the Board of Directors, am also vice-president, member of the board of directors, and operating department manager of the United Drug Company, a New Jersey corporation.

(A certified copy of the Certificate of Incorporation of the United Drug Company of Massachusetts was offered in evidence marked "United Drug Company Exhibit, Certified Copy of United Drug Company Certificate of Incorporation.")

The Massachusetts corporation is the owner of the business purchased from E. M. Regis & Company, which business consisted in the production and sale of the preparation known as "Rex Dyspepsia Cure."

The New Jersey corporation is a selling company owned by the Massachusetts company.

As operating department manager of the New Jersey Company, I have charge of the manufacture or production of all the merchandise the company makes itself, and have charge of the stock, storage and shipping of the entire organization.

Since we purchased the business, I have had charge of the pro-

duction, storage, stock account, and shipping of the Rex remedy purchased from Regis & Company. Ever since we took possession of the Regis remedy I have had charge of the business.

(The assignment and instrument of sale of the Regis business to the United Drug Company, marked "Complainant's Exhibit Regis Assignment," were produced and filed by witness.)

The formula for the Regis remedy was communicated to me by Mrs. Regis, and the medicinal ingredients specified are: For the white tablets—Powdered inspissated ox gall, powdered sugar, and powdered sugar milk, made in tablet form, and sugar-coated white. The formula of the black tablets—powdered charcoal with a binding agent for the purpose of making it into plain tablets. This binding agent has no medicinal value or function.

Since the purchase the complainant has done business in this Rex remedy under the identical formula without any variation in the ingredients.

Since we came into possession of the business, we, of course, have had the benefit of the business already established, and we have expended considerable energy and money in further developing the business, with the result that the preparation has been sold quite generally over the United States, such sales being stimulated by newspaper advertisements in each State, and also by general advertising through the medium of publications having a general sale throughout all the States. The business has actually been substantially increased since we acquired it, and, in my judgment, would even be a larger business if it had not been for the fact that we found the package which the Regis Company were using was unsuitable for certain climates, for the reason that the package did not protect the tablets from the effects of a hot or humid atmosphere. The white tablets, under such conditions, melted down and made a bad mess of the contents of the package.

We started out a general campaign, putting the tablets in all the various climates, and the sale was very general over the United States. The goods being generally distributed, these complaints about their melting down naturally came straggling in over a long period of time, and at first we considered such reports as inadvertencies due to bad handling. Finally, we were awakened to the fact that the fault was wholly due to the package itself, so we immediately started to plan one which would actually protect the goods. Several packages of this character have been submitted to our cabinet and our sales department for final approval. We are now preparing the goods in an entirely new package, which we feel confident will

not need to be changed. This new package consists of a rectangular paper box, containing two screw-top glass jars, one for the white tablets and one for the dark tablets, the box itself being intended merely as a carrier for the vials; the screw-top vials being intended for the protection of the tablets against atmospheric conditions. Both are appropriately labeled.

(The new package was produced by witness, marked "Complainant's Exhibit New Rex package.")

(Printer's proof of two labels to be used on the new package, one marked "Top or principal label," the other marked "Bottom or directions label," were offered in evidence and marked, respectively, "Complainant's Exhibits New Rex Top Label," and "New Rex Bottom Label.")

Sales have been made by the United Drug Company directly to consumers during the first part of the present year in North Stonington, Connecticut; Ravenna, Nebraska; Bradford, Massachusetts; Perulack, Pennsylvania; and Loris, South Carolina. These sales were provoked by newspaper and magazine advertisements, and orders were received by the United Drug Company in its regular mail, although it frequently happens we get letters addressed to "The Rex Company, Boston, Mass."

The Rex remedy has been sold through the other regular channels of the United Drug Company's business, namely, its agencies, of which there are about 5,500, scattered over the whole United States, Canada and England. These agencies are selected by the United Drug Company, which is a co-operative company, in the sense that its merchandise is sold through its own stockholders. Naturally, to be successful as a co-operative company, it is necessary to carefully select its stockholders, and in order to become a stockholder of the company and handle its goods, it is necessary that a man, a partnership or a corporation shall have an established retail drug business; that it be centrally located in his or its respective community; that the business bears a reputation for honest, fair and square dealing; that the owner or owners be of well-known integrity, financially strong, and active merchandisers—that is, our purpose is to get the best men engaged in the retail drug business in each and every incorporated municipality to represent our line of merchandise, everything to this end considered.

We have been successful in maintaining the standard of retail dealers, and look upon the policy as so important that we stayed out of the City of Cincinnati for seven years, until we could get what we considered proper representation. Another evidence of our  
115 success in this respect is the fact that we have been favored with a constantly increasing volume of business.

The organization as a whole, owned and controlled by the United Drug Company of Massachusetts, does a gross business of not less than \$10,000,000.00 a year.

Our retail agents are located in all the States in the Union.

In Louisville, Kentucky, we have T. P. Taylor & Company, having four stores.

We have retail stores in about ninety-one towns or cities in Kentucky in which our retail agents have stores. In a number of these our retail agents have two or more stores.

(A list of the cities and towns in Kentucky where retail agents have stores is given by the witness, but is not copied, for the sake of brevity.)

"Int. 37. Please state whether or not any name is used to designate the stores of your retail agents, in order to identify them with the United Drug Company organization?"

"Ans. They are universally known as the Rexall Stores, each individual store being known, of course, as 'The Rexall Store.'"

"Int. 38. Is this expression, 'The Rexall Store,' employed merely orally or is it used otherwise?"

"Ans. The stores are almost universally identified by having one or more of the several transparencies we furnish pasted to the window, and bearing the legend "The Rexall Store," or else by means of metal signs which we likewise furnish, bearing the same legend. Likewise, flash light signs, bearing a like legend."

"Defendants' exceptions to Int. 37 and 38 overruled.)

"Int. 39. Where are such signs or transparencies displayed upon the stores?"

"Ans. The transparencies are usually pasted across the top of the outside show windows, or along the end of the outside show windows, the intention of course being to get them in a conspicuous place. The metal signs are usually fastened over the door, flat against the building, or else riveted on to the window casing so as to stand at right angles to the store front, and be visible from the sidewalk from either direction the store may be approached. The flash light signs are usually located over the door, flat against the building, or suspended by guy rods over the sidewalk, at right angles to the store front, so as to be visible from the sidewalk from either direction the store may be approached."

(Defendants' exceptions overruled.)

116 "Int. 40. Please produce one of the transparencies for window signs which you have described.

"Ans. I do so. This is a decalcomania which, when properly treated, deposits the words, 'The Rexall Store,' upon a show window."

(Same was offered in evidence, marked "Complainant's Exhibit Rexall Store Window Sign.")

(Defendants' exceptions overruled.)

"Int. 41. Please produce, if you can, any illustrative photographs showing the actual use of signs such as you have described.

"Ans. I produce two photographs. One is a photograph of one of the outside display windows of the Hall & Lyon Rexall Store in Providence, Rhode Island. The other is of the Crown Pharmacy Rexall Store, in Granite, Oklahoma."

(Defendants' exceptions overruled.)

"(By Mr. Janney: I offer in evidence the two photographs produced by the witness, and request that they be marked, respectively, 'Complainant's Exhibit, Providence, Rhode Island, Rexall Store' and 'Complainant's Exhibit Granite, Oklahoma, Rexall Store.')

(Exceptions to these exhibits overruled.)

We do not sell any of our drugs to retailers other than our agents, with the exception of mail orders coming from districts in which we



have no agents. We do not fill any mail orders except to consumers. Since the purchase of the Rex remedy, we have used the trademark "Rex" as the principal word on the label and as the principal word in advertising the remedy.

"Int. 48. What are the medicinal properties of this Rex remedy, made by the formula which you have described?"

"Ans. Well, it is an anti-fermentative, antiseptic, cholagogue and laxative, and the charcoal acts as an absorbent of gases."

(Defendants' exceptions overruled.)

"Int. 49. Please explain the significance of these various terms, and describe the practical utility of the Rex remedy."

"Ans. It is an anti-fermentative for the reason that it has the reputation of preventing and checking fermentation in the stomach. It is a cholagogue for the reason that it stimulates the secretion of the bile by the liver. It is antiseptic for the reason that it is reputed to correct septic conditions in the stomach and intestines. It is a laxative for the reason that it stimulates the peristaltic action of the intestines, that is, the movement of the intestines which forces forward the contents. The foregoing applies particularly to the white tablets. Charcoal is reputed to have the power of absorbing gases, and it is also reputed to be a mild laxative, probably due mostly to its mechanical action. This last statement applies to the black tablets."

"Because of the above therapeutic activities, the ingredients of this preparation and this preparation are used for the treatment of headache caused by stomach disorders, sour stomach, heartburn, gas on the stomach, bloating after meals, palpitation of the heart, dizziness, nervous dyspepsia, piles, and impurities of the blood usually caused by constipation, indigestion or biliousness."

(Defendants' exceptions overruled.)

"I am a graduate of pharmacy, served one year as an instructor in chemistry in a University School of Pharmacy in Chicago, Illinois, and one year in the same school as instructor in pharmacognosy, that is, the study of vegetable drugs; have six years', all told, experience in practical pharmacy in Chicago and Illinois towns, and about fifteen years of practical experience in the manufacturing drug business."

"Int. 51. You have referred to the use of the ingredients of the Rex remedy for the treatment of impurities of the blood. Please explain fully what you mean in this connection."

"Ans. The most usual cause of the condition described as having impure blood is faulty elimination of the waste products of the body. A chronic or recurrent constipation, therefore, is very apt to cause the blood to become impure because of the waste products absorbed by the body from material which is really waste, and which contains oftentimes toxic materials. The same is true in the case of faulty digestion, or indigestion, as it is frequently called, since in such a case the food is not prepared in such a manner that the waste products are promptly eliminated. Biliousness is likewise apt to cause

the blood to become impure, for the reason that it likewise interferes with the proper digestion of the food. In other words, any condition which brings about a stoppage in the excretion of the waste material of the body will cause, sooner or later, an impure condition of the blood. It naturally follows that any remedy which will relieve this stoppage, or any such stoppage, will correct, to a greater or less extent, the condition known as impure blood. In the case of

118 this Rex remedy, for instance, correcting acidity of the stomach or fermentation, stimulating the flow of the bile, and the peristaltic action of the intestines, renders such a prompt elimination of waste material in so far as the digestive system is concerned. And it is generally accepted as a truth, that if the bowels are kept normally open there is not nearly so much chance for the existence of an impure condition of the blood. To draw a homely simile, I would compare the human body when troubled by constipation, biliousness, as being very largely in the condition of a city whose sewers are neglected. Such a condition usually results in a very bad sanitary condition. If these impurities are removed, sanitary conditions prevail almost immediately."

"(By Mr. Brooks: I object to the foregoing answer on the ground that the witness has not been sufficiently qualified as an expert in medicine.)"

(Defendants' exceptions overruled.)

"Int. 52. Earlier in your deposition you have referred to the fact that one of the medicinal ingredients of the Rex remedy "has the reputation of preventing," etc., and that "it is reputed to correct septic conditions in the stomach and intestines." Please explain what you mean by these statements regarding the repute of the ingredients referred to?"

"Ans. By that I mean these articles are accorded the action ascribed to each, in the various textbooks on therapeutics, such for instance as Shoemakers' Therapeutics, and Woods' Therapeutics, British Pharmacopoeia, and Merck's Index."

(Defendants' exceptions overruled.)

"Int. 53. Can you produce textbooks which are generally considered to be authoritative upon therapeutics, and refer to those passages relating to the ingredients of the Rex remedy? If so, please do so.

"Ans. I do so. I produce six books which I consider to be the highest authorities in relation to therapeutics.

"For instance, the 'British Pharmaceutical Codex' is generally considered by pharmacists and medical practitioners to be the highest authority in Great Britain on these subjects. This work, in the edition of 1911, published by 'The Pharmaceutical Press, 72 Great Russell Street, W. C., London, England,' contains on page 404 the following reference to the action and uses of Ox Bile, which is also referred to as Ox gall, the two being identical:

"Purified ox bile as an intestinal antiseptic, cholagogue, and laxative. It assists the action of the pancreatic secretion upon

119 proteins and fats and promotes their assimilation. It is given medicinally in chronic constipation where there is a natural deficiency of bile, in diabetes, gall-stone, and intestinal dyspepsia, often with pancreatin or trypsin. \* \* \* Bile salts are the only substances known which increase the flow of bile; they are reabsorbed, again excreted, and so continue to act in a circle."

"I refer also to 'Therapeutics, its Principles and Practice,' by Horatio C. Wood, M. D., LL. D. (published, Philadelphia, J. B. Lippincott Company), 14th edition. This is generally recognized as a work of extremely high authority, and the author is noted for his conservatism. Under the heading of 'Bile,' on page 508 of this work, occurs the following:

"Bile.—The United States Pharmacopoeia recognizes crude ox gall, the fresh bile of *bos taurus*, and prepares from it by means of alcohol *Fel Bovis Purifactum* (Purified Ox gall), a yellowish-green, soft solid, having a peculiar odor, and partly sweet and partly bitter taste. It is very soluble in water and in alcohol.

"There is much experimental evidence to show that ox gall is the most powerful stimulant we have to the secretory activity of the liver. \* \* \*

"When taken internally, in large doses, it is a feeble laxative and there is some clinical evidence in favor of the belief that, in that condition known as chronic biliousness, full doses of ox gall often act very favorably. We have used it in catarrhal jaundice with apparent excellent results."

"I also refer to 'Materia Medica and Therapeutics,' by John V. Shoemaker, M. D., LL. D. (published Philadelphia, F. A. Davis Company, 908), Seventh Edition. This work is recognized as very high authority. On page 464 of this work occurs the following:

"Physiological Action and Therapy. Ox gall is antiseptic and laxative, assisting in the absorption and digestion of fats in the intestinal tract and stimulating peristalsis. The local application of bile causes absorption of hypertrophies, and enlarged tonsils. It may be used internally to assist the digestion and assimilation of fatty foods or of cod liver oil, and may be given in habitual constipation with deficient assimilation. Ox-gall has likewise been used for the purpose of expelling lumbricoid worms.

"In jaundice, Harley recommends the use of ox-gall, given in capsules, in order that it may reach the duodenum without being acted on by the stomach. It is also of benefit in hepatic and intestinal affections."

120 "Further, I refer to 'The National Standard Dispensatory,' by Hobart Amory Hare, B. Sc., M. D., Charles Caspari, Jr., Ph. G., Phar. D., and Henry H. Rusby, M. D. (published Lea Bros. & Co., Philadelphia and New York, 1905). This is one of the highest authorities known to the profession, and is extremely conservative. On pages 616 and 617 thereof there are discussions of ox-gall, practically like those which I have already quoted.

"Practically the same statements are to be found in the 'United States Dispensatory,' by H. C. Wood, M. D., LL. D., Joseph P. Remington, Ph. M., F. C. S., and Samuel P. Sadtler, Ph. D., LL. D.

(published J. B. Lippincott Company, Philadelphia and London) 19th Edition, see pages 490, 491. This last authority states (page 491):

"We have employed it (ox-gall) in large doses in catarrhal jaundice with apparently excellent results."

(Defendants' exceptions overruled.)

"Int. 54. I note that some of the authorities from which you have quoted refer to the use of ox-gall for the treatment of jaundice, or catarrhal jaundice. What is jaundice?

"Ans. Jaundice, as I recall it, is a condition of the blood caused by an accumulation of bile."

(Defendants' exceptions overruled.)

"Int. 55. You have referred to the action of the charcoal constituent of the Rex remedy. Please state how these textbooks to which you have already referred agree or disagree with your testimony in this connection?

"Ans. I find that three of them, the British Pharmaceutical Codex (page 259), Therapeutics, its Principles and Practice, by Wood (page 652); and the National Standard Dispensatory (page 368), confirm my statements regarding charcoal. Shoemaker's Therapeutics (page 314) and the United States Dispensatory (page 296), confirm my statements as to the general use of the article, but qualify the matter by expressing some doubts in reference to the actual effectiveness.

"By Mr. Janney: It is stipulated and agreed by counsel that the quotations from textbooks made above by the witness are offered and received in evidence with full force and effect as though the books themselves had been offered in evidence.

"(By Mr. Brooks: The foregoing stipulation is without waiver of the objection hereby made to the said quotations and comments thereon by the witness, on the ground that the same are immaterial, incompetent and irrelevant.)

121 " (By Mr. Janney: I give notice that I may refer to the authorities presented by the witness, at the trial of the cause.)"

(Defendants' exceptions overruled.)

The United Drug Company paid E. M. Regis & Company \$100,000.00, part cash and part stock in the United Drug Company, for its business and trademark.

As to the value of the trademark "Rex" to the business of the United Drug Company, we consider that to be the principal item of good will in our business. Its actual value in dollars and cents I couldn't begin to estimate, since, of course, the business of the company is largely based upon that, and it becomes more valuable from year to year, as the company extends its operations and increases its business.

Our stock is not listed on any exchange, and it is impossible for me to say exactly what its market value was at the time of said purchase, or is at present time. The value of the stock at that time was above par, and is above par now. I believe that the present value is

substantially greater than it was two years ago. I know that the present value is not less than it was two years ago.

"Int. 59. In the light of your knowledge of the business of the United Drug Company in the Rex remedy, and of the business by the approximately 5,500 retailers of the United Drug Company's products, please state what would be the effect upon the business of the United Drug Company and these retailers, if the use by these defendants to the trademark "Rex" upon the remedy for rheumatism, neuralgia, nervousness, malaria, scrofula, dyspepsia and diseases arising from impure blood, were permitted to increase the volume, and extend into other States than Kentucky?

"Ans. The effect would be very demoralizing upon the business of most of the 5,500 agents referred to as the stockholders of this company, as well as upon this company, itself, for the reason that unless the public has actually seen the Regis Rex Dyspepsia Tablet Package it would be very easy to confuse and even deceive them. The public seldom carries in their mind, even after having seen a package, the exact title of the remedy, which permits substitution, both intentional and unintentional. Our goods being obtained, as a usual thing, from a single store in each municipality, it is important that we protect the trademark under which the goods are known, especially protect the trademark from any possible confusion, so that the public will be able easily to identify by name the article they are looking for, thus preventing the business from being diverted from the five thousand stores who are entitled to it, and thus preventing the public from being deceived. The fact that we have picked what we regard as the best store in each municipality, the fact that these stores are usually known as the Rexall Stores, the fact that both they and ourselves have spent thousands upon thousands of dollars in establishing this means of identity, and the fact that they are known generally as the best stores in their community, have given rise to a species of trade jealousy which seems to stimulate the other dealers in the town to seek preparations having a name similar to ours, for the purpose of meeting and offsetting a demand created by our agents and ourselves in their respective communities, through a confusion in the name of products used for similar purposes. That this is a fact has been demonstrated many times through complaints received from our agents. To permit the use of the word "Rex" therefore on products other than our own leaves an open gateway for both confusion and deception, the seriousness of which becomes greater and greater if others are allowed to expand a business using the same word. Such use would result in a serious loss of business to our agents, and a similar loss of business to ourselves, the total loss in each instance being incalculable and depriving us of the results of our advertising and sales effort."

"(By Mr. Brooks: The question is objected to as requiring an answer based on too much speculation. Answer objected to, as being immaterial, irrelevant, incompetent and irresponsible.)"

(Defendants' exceptions overruled.)

## Cross-examination :

"(As associate counsel for the defendants, and employed solely for the purpose of cross-examining this and one other witness, I participate in the taking of this deposition, and cross-examine this witness, but I do so without waiving any rights defendants may have to object to the taking of this deposition, because of the fact that the time has expired within which the complainant was authorized to take depositions, and I hereby reserve for the defendants all the rights they have in the premises.)"

I do not know where Mr. Liggett is. He is not in Boston, to my knowledge. He has been away repeatedly for many days at a time during the past few months.

123 The United Drug Company has been in operation since 1903. I became identified with it in September, 1906. Before it took over the Rex remedy, the principal part of its business was the drug business, under the trademark "Rexall," which trademark was adopted when the business was first started. Until we acquired "Rex," "Rexall" was our principal stock in trade. We had difficulty with E. M. Regis & Company over the trademark "Rexall," which difficulty resulted in an injunction against our use of the word "Rexall" as the result of which injunction we bought out E. M. Regis & Company.

Before the purchase of the Rex remedy, I should say we had about 4,500 Rexall stores in the United States. We have about 5,000 now, and about 500 in other countries.

Just prior to taking over the Rex remedy, our gross business was about \$6,000,000.00. I cannot approximate how much it was in 1906, but can say that during the first year of business, beginning in 1903, we did less than \$200,000.00 gross, and the business has increased each year since then, until we are now doing more than \$10,000,000.00.

This business consists in merchandising a drug line, a candy line, perfume line, stationery line, a rubber line, and a line of general sundries sold in drug stores, and a line of advertising novelties, and in operating some retail stores, about fifty in number. This describes the general business owned and controlled by the United Drug Company of Massachusetts. The drug line is the largest single line. I can't tell you the percentage.

Since taking over the Rex remedy, we have made sales of it in Massachusetts, Pennsylvania, South Carolina and Nebraska, and many other States which I cannot mention at the present time.

We have started new lines—the stationery and rubber lines—since the purchase of the Rex remedy.

We expect during 1913, to do \$750,000.00 of stationery business.

The Rex remedy represents a very slight proportion of our entire business.

"Cros-Int. 82. What is the most important feature of the Rex remedy?"

"Ans. I will answer you very frankly, I wouldn't consider any feature medicinally as more important than another, since it is our firm belief that it applies equally well to all the indications

124 mentioned on the label. The fact that the therapeutic activity of the medicinal ingredients, when continuously used, tends to correct constitutional conditions must not be lost sight of."

Some of the disorders mentioned on the label may be rightfully regarded as disorders in themselves, and some as the effect of disorders. I would place the impurities of the blood as in most cases the effect of existing disorders, which, if removed, would probably correct the impurity of the blood. There isn't anything known to medical science, within my knowledge, that will purify the blood other than by stimulating the organs of excretion. In other words, it takes constitutional treatment. As a usual thing, if impurities in the blood are due to bowel trouble which is brought on by indigestion, curing the indigestion will also purify the blood, because that permits the organs to perform their natural function of elimination. There are many remedies which, in that sense, purify the blood. Any remedy that will promote elimination of waste in the human body will have a tendency to purify the blood.

We do not claim that the Rex remedy is superior as a blood purifier in this sense to any other remedy; that is contrary to our policy.

Also the oral testimony of the following witnesses, on behalf of the complainant, was heard:

#### Testimony of Edward G. Isaacs.

Am 45; reside in Louisville; am in the retail drug business, being President and General Manager of the Taylor-Isaacs Drug Company. I do nearly all the purchasing in the patent medicine line. I have purchased from the United Drug Company a medicinal preparation sold under the trademark "Rex."

(A box of the Rex remedy was produced and marked "Exhibit Isaacs No. 1.")

The first purchase of this remedy was made on April 20, 1912—six boxes, and another on April 29, 1912—144 boxes.

"The Court: I want to call your attention to the fact that I have admitted a little introductory evidence. I don't see how this has any bearing upon the issues that we have agreed on as being important."

(Invoices representing the two purchases were produced by the witness and marked "Exhibits Isaacs Nos. 2 and 3.")

The advertisement on page 20 of The Evening Post of May 10, 1912, is a general ad. for all of our stores.

25 (Same was offered in evidence as "Exhibit Isaacs No. 4.")

The four photographs handed me represent the Taylor-Isaacs Drug Store and the T. P. Taylor Drug Stores in Louisville, which sell the Rexall remedies.

(The photographs in question were marked "Exhibits Isaacs Nos. 6, 7, and 8.")



The word "Rexall" appearing upon these stores indicates the connection between the business of these stores and the United Drug Company in Louisville, except there are probably some products sold, but we are agents for them, I mean to say that a jobber might come to us and buy a package of "Rexall" remedy and sell it to some other store.

Cross-examination:

The first order for "Rex" remedy was a letter sent by mail, and the medicine was sent to me by mail. I *wanted* the six boxes of "Rex" remedy the same as I would order any other line of goods. I had heard about the remedy in different ways. I knew of this condition here.

"37. Name one of the ways you heard about it?"

"A. Weil. I don't know that I could state fully just what ways I have heard about them.

"38. Did any of the officers or directors of the United Drug Company, the complainant in this case, suggest to you that you order these six bottles or boxes of pills?"

"Mr. Janney: That is entirely incompetent and immaterial.

"The Court: I think so. Probably they suggest it to everybody in one form or another, that dealt in drugs at all."

(The defendants excepted to the ruling of the Court.)

I did not keep copies of my letters ordering the "Rex" remedy. I keep records of bills and such as that. I do not keep copies of orders. I did not make out a requisition for the remedy.

The United Drug Company never sends drugs to us without an order.

I have no idea without taking stock how many of these "Rex" pills were sold. I never took stock on the matter to know how many were sold. I can't say that we ever sold any great amount, because you notice that order was made in April, 1912.

I remember Dr. Curry coming to me to inquire about these pills. I don't remember that he made any statement at all pertaining to inquiries at other stores.

126 I can't call to mind any ad. of "Rex Dyspepsia Tablets" except the one referred to on my direct examination. I think there have been more, though.

Testimony of C. A. Dralle.

Am 39; am a druggist, connected with Theodore Rectanus Company, 400 East Market Street, Louisville, Kentucky.

"5. I will ask you if you can identify that as a product of the Theodore Rectanus Company?"

"Mr. Blakey: I object to that. It is not involved in this litigation at all. It says on its face something about "Rex" Celery Compound. It certainly has no connection with this case."

"The Court: Let me hear what he has to say about that."

(The defendants excepted to the ruling of the Court.)

"A. Yes, sir; I identify that."

"7. Were you making and selling in cartons such as that which you have, the contents of that package prior to September 24, 1912?"

"A. Yes, sir.

"Mr. Blakey: That is objected to for the same reason. It is not involved in this litigation.

"The Court: Let me hear what he has to say about it."

(Defendants excepted to the ruling of the Court.)

(The package in question, viz., "Rex Celery and Iron Compound," was offered in evidence over the defendants' objections and marked "Exhibit Dralle No. 9.")

The Rectanus Drug Company was manufacturing and selling prior to September 24, 1912, packages such as that you hand me, marked "Rex Blood Purifier." We still manufacture this preparation. This word "Rex Medicine Company" is stamped out on the packages. This must have slipped through by an error, not being stamped out. You will notice our label on the inside of the carton bears the name "Rectanus Company," not the "Rex Medicine Company." The name "Rex Medicine Company" was being stamped out when I came into the firm, about seven years ago. Maybe a few packages slip through once in a while. We can't help that. These cartons were purchased with the stock of goods that we bought.

(The package marked "Rex Blood Purifier" was offered in evidence and marked "Exhibit Dralle No. 10.")

127 Theodore Rectanus Company is a corporation, incorporated in Kentucky, with its only place of business at Louisville. I am Vice President, Secretary, and a Director of the company. Besides, I attend to the manufacturing of preparations, shipping, etc. Mr. Dietrich is Manager. He has nothing to do with the manufacturing. I am supreme in that end of the business. I frequently sell goods over the counter.

The corporation came into existence in 1906, I think, and was doing business prior to September 24, 1912.

I live in Louisville, Kentucky.

Mr. Dietrich is Treasurer and Manager of the business and one of the Directors of the corporation. He also lives in Louisville.

Mr. Preston is President and a Director of the Company, but has nothing to do with managing its affairs, he only presides at our meetings.

Mr. Dietrich has charge of placing the advertisements. All I know about them is I read them.

The advertisements which you exhibit to me are advertisements of Theodore Rectanus Company

(The defendants objected to the admission of said advertisements except in so far as they referred to "Rex Blood Purifier," because the only preparation manufactured and sold by the defendants which the complainant sought in its Bill to enjoin was the said "Rex Blood Purifier.")

(The Court permitted the advertisements in question to be read only to the extent that they purported to be advertisements of "Rex Blood Purifier" and "Rex Celery and Iron Compound," to which ruling defendants excepted.)

The advertisements were thereupon offered in evidence and marked "Exhibits Dralle Nos. 12 and 13."

(The Court having ruled that evidence would be heard to show that defendants had manufactured and offered for sale the preparation called "Rex Celery and Iron Compound," and that the Bill of Complaint was sufficiently broad to entitle the complainant to an injunction against the defendants from further manufacturing or selling "Rex Celery and Iron Compound" if the evidence justified same; the defendants thereupon by counsel moved the Court for a continuance of the case on the ground of surprise, it appearing from the pleadings in the case and from the depositions of the complainant that the only preparation manufactured and sold by the defendants which it was claimed was an infringement of the complainant's trademark was defendants' "Rex Blood Purifier,"

128 and the defendants having no notice that the complainant was seeking to enjoin them from manufacturing and selling "Rex Celery and Iron Compound," and having had no opportunity to prepare a defense based on the assumption that such infringement was claimed; which motion for a continuance was overruled and denied by the Court.

Whereupon counsel for defendants stated in open Court that in the interest of brevity, and without objecting to each specific question and answer concerning "Rex Celery and Iron," he should like to have the record show that the defendants were objecting and excepting to all questions concerning the manufacture or sale by the defendants of "Rex Celery and Iron.")

The complainant here rested.

#### *Testimony Offered on Behalf of Defendants.*

##### **Testimony of C. A. Dralle.**

I am one of the defendants and Vice President of Theodore Rectanus Company. Have been connected with that Company since 1906. Prior to that time I was in the retail drug business in Louisville. I have been in the retail drug business since 1896. I was with Renz & Henry, wholesale druggists, in Louisville, for a while. I had charge of the manufacturing of the preparations which they put upon the market, and assisted in the retail trade.

I have taken the State examination and am a registered pharmacist.

I have known of "Rex Blood Purifier," manufactured by Theodore Rectanus Company, ever since 1896. Rectanus had a large sign on the side of the house, "Rex for the Blood." You could see it almost on the next square, and they made displays in their window of their preparation, some active or movable displays, some with bottles. I recollect at one time I saw a display of percoiators

in the window, showing the manufacture of it, I think it was pertaining to "Rex for the Blood." We had calls for it at the Renz & Henry store and sold it. While at Renz & Henry's wholesale place we got orders by mail from various parts of the country, which would be filled by going to Rectanus and buying it, unless we had it in stock. We in the Renz & Henry store always referred to Rectanus' store as "Rex."

The only preparation made by Rectanus at that time that I knew of was "Rex for the Blood."

Our store was one square from Theodore Rectanus' drug store, and I know that Mr. Rectanus was called "Rex" by a great many people. People would often come into our store and say, "Where is Rex' store?" At the present time we have any amount of people come in and call it "Rex." We placed the name "Rex" finally over the window, thinking it was a good way to identify our store. People in the neighborhood frequently call our store "The Rex Store"—they have done this to my knowledge since 1896.

I first heard of the claim of the United Drug Company, on which this suit is based, in June or July, 1912. The attorney for the United Drug Company, with Mr. Taylor, came to our store and called my attention to the fact that we were putting up a "Rex Blood Purifier," and said they were putting out a "Rex Dyspepsia Tablet," which was also a blood purifier; that our blood purifier would interfere with their preparation; that they had bought the name "Rex," which gave them the sole right to manufacture, and advised us to cease making our preparation. I told them I would consult my partners about it. These preparations were here when I came to the firm, and I was advised had been sold for years, and saw no reason why we should quit making it. Their preparation was a tablet and ours a liquid; there was no similarity at all in the package, and I could not see where one could interfere with the other. So, we continued making it, especially after we had consulted our lawyers, Carroll & Middleton, who advised us to go ahead and make it. Our lawyers cited to us several cases that had been decided in higher courts that we seemed to think assured us we were not doing anything contrary to any laws and not infringing anybody's copyright, and they assured us in every way that we were perfectly right to continue the business which had been carried on for years.

Since my connection with the Company, we have manufactured and sold the "Rex" product, kept the ads. up occasionally; had sales during the spring and fall seasons, and some little during the entire year. Our business in that line remained about the same. There has been no cessation of sales of "Rex Blood Purifier."

I know what ox-gall is used for, and would not consider it a blood purifier.

Certain drugs are known to the medical world and pharmacists as blood purifiers. They are drugs which are termed alteratives, which carry off the waste matter from the blood system, and help to reconstruct broken down blood cells. This ox-gall preparation is merely a laxative in its way by promoting the flow of bile. That may in some cases help digestion, but not in all cases.

In our circular on the carton we outline "Rex Blood Purifier" as a remedy for dyspepsia, inasmuch as we have an eliminative preparation there which will aid digestion. In our advertisements and in recommendations made by us of the medicine, we represent it strictly as a blood purifier.

We have at our place of business a medicine called "Rex Dyspepsia Tablets," manufactured by the Senoret Chemical Company of St. Louis. I do not know how long that Company has manufactured these tablets. We have handled it for a good many years. I don't know how many times we have bought it—once or twice, certainly, but we have had it in the store for some time.

(The box in question was offered in evidence and marked "Exhibit Dralle No. 19.")

I first heard of Mrs. Regis' "Rex Dyspepsia Tablets" through the pharmaceutical journals, which gave an account of a lawsuit concerning those tablets. The United Drug Company puts up a dyspepsia tablet, called "Rexall Dyspepsia Tablet."

T. P. Taylor has several stores in Louisville where the "Rexall" remedies are handled. He has purchased the "Rex Blood Purifier" from us—I do not know the exact date—say ten years ago.

"Mr. Janney: That hasn't any materiality here."

"The Court: Mr. Taylor might have known it, but it doesn't follow that the complainant knew of it."

(The objection was sustained, to which the defendants, by counsel, excepted.)

I purchased one box of the "Rex Dyspepsia Tablets" in litigation from Mr. Taylor's store on Chestnut Street, and another box from his store on Fourth Street, between Walnut and Green.

"48. Tell what happened when you went to purchase these medicines?

"A. At one place they didn't seem to know anything about it.

"The Court: You are asking for something that occurred between Mr. Taylor and this defendant.

"Mr. Blakey: I am talking about the Rexall Stores. I am trying to show that the Rexall Stores—

"The Court: There is no connection with the Rexall Stores and the United Drug Company, except they are agents in selling goods.

131 "Mr. Blakey: What I am trying to show is that even the United Drug Company Stores don't know anything about this medicine, and can't find it when you go there to buy it.

"Mr. Janney: It is absolutely not binding on the United Drug Company.

"The objection was sustained, to which the defendants, by counsel, excepted; and the defendants, by counsel, avowed that the witness, if permitted to answer the question, would say that when he inquired at the stores which had for sale the United Drug Company's products, they seemed to know nothing about the Rex Dyspepsia Tablets, involved in this litigation, and that at one of the stores, after a con-

siderable search, one of the clerks finally found it in a corner, covered by many other medicines."

#### Cross-examination:

"Rex for the Blood" corrects impurities in the blood by the process of elimination of the waste products, and does more—it reconstructs the broken down blood cells. That is more than purifying the blood by elimination only. It reconstructs the blood cells by means of alteratives. They are not eliminants. These alteratives are first applied to the stomach, and thence to the circulation, and from thence to the blood. Some of the preparations act first through the liver. "Rex for the Blood" has a combination of four different articles.

"56. It acts very largely through the liver, doesn't it?"

"A. Yes, sir. Now, a question like that, Mr. Janney, I think would be answered by a physician. You see, I am not trained on the physiological effects of medicine. My knowledge is limited to that extent."

From what I have read in books, they verify my answers. I think the representations on the cartons and packages put out by us are accurate.

Theodore Rectanus sold out to the corporation in the early part of 1906. Until that time I could not say whether "Rex" had been applied to any product other than "Rex for the Blood." Up to that time I had no connection with the firm.

"64. When you first took over the Rectanus business, and became actively associated with it, was the business at that time employing the mark 'Rex' for any product except 'Rex for the Blood?'"

(Objected to because "Rex for the Blood" is the only preparation involved in this litigation. Objection overruled, exceptions reserved.)

132 "Ans. Why, yes, sir; when I entered the firm there were other preparations there labeled 'Rex.'"

The preparations other than "Rex for the Blood," gotten out under the name of "Rex," must have been gotten out under Mr. Rectanus—Mr. Rectanus did not personally manage the store—it might have been gotten out by his clerks who took charge of the store. I don't know whether he personally got them out or not, but they were here early in 1906 when I first went there. I say this of my own personal knowledge.

"Rex Celery and Iron" was one of the preparations there when I entered the firm. Since I entered the firm we have not applied "Rex" on any other preparation. We have advertised and sold only in accordance with the practice that prevailed when I went there.

#### Testimony of Dr. Theodore Rectanus.

Am 60 years old; am now an oculist.

Went into the drug business in Louisville in the spring of 1873, and continued in the drug business actively up to 1906, with the exception of the year 1880.

I formed the Theodore Rectanus Company in 1906, I think, and was connected with it until 1910, when I sold out on account of my health.

In 1881 I had charge of a drug store of Mr. T. P. Taylor, now conducting the Rexall Stores in Louisville, and in January, 1883, I went in partnership with him.

I began manufacturing "Rex Blood Purifier" the way it is now, the printed carton and all, in 1886, but I made it about three years prior to that, but called it "Rec's." The boys used to come in the store and call for medicine, and they told each other, "Go to Rec's and get a bottle of his medicine, it will fix you all right," and they came in finally and called for a bottle of "Rec's," and that is the way it was established from about 1883, but I didn't have this carton until I dissolved partnership with Mr. Taylor and went in business for myself on Shelby and Jefferson. Then I put it up in this manner.

"The Court: How did you spell the 'Rex' first?"

"A. 'R-e-x.'"

"13. After that—when was that?"

"A. 1886, about—1886 or 1887—late 1886 or spring of 1887, I can't recall exactly."

From the time I first began manufacturing this medicine, I never ceased manufacturing and selling it as "Rec's" or "Rex" until I severed my connection with Theodore Rectanus Company in 1910.

133 I advertised "Rex for the Blood" right smart. I know I spent at one time \$700.00, and other times it cost me two or three hundred dollars—I reckon I expended three or four thousand dollars on it between 1886 and 1906.

The plate you hand me is the original plate from which the printing on the carton was made. That plate was made about 1886. The other plate which you show me is a plate from which a rebus can be reproduced. I got them up, myself, and used to give out prizes to the children. It is an advertisement of "Rex for the Blood," and was gotten up about 1887 or 1888. This plate, in a general way, has each letter of the alphabet used for the purpose of starting an advertisement in rhyme. I used to have them put up in circulars and send them out. The following is an illustration of the advertisement on these plates: "B' Stands for blood, the essence of life; When blood is impure, to cleanse it we strive. We look for a drug which do us some good; the best in the world is Rex For The Blood."

(The plates in question were offered in evidence and marked "Exhibits Rectanus Nos. 20, 21, 22, 23 and 24.")

The plate you now hand me was used for an advertisement I used to run in the Louisville Anzeiger, a German Louisville newspaper, which was used about the same time.

(This plate was offered in evidence, marked "Exhibit Rectanus No. 25.")

I don't know exactly what specific trouble "Rex Blood Purifier" was recommended for. It is on the carton. It is a blood purifier,



good for indigestion, also a laxative, blood purifier, cathartic. Primarily, I advertised and recommended it as a blood purifier—that is the idea—blood purifier. It contains one ingredient which is an aid to digestion, and for that reason I thought I had a right to put on it, it is good for indigestion. I think it has about five ingredients. I don't recall the formula exactly.

During the time I was a partner of T. P. Taylor, I put up this medicine and called it "Rec's Blood Purifier."

I believe T. P. Taylor has purchased from me for his various drug stores "Rex Blood Purifier" in the shape it is now put up—in cartons.

From my experience in the drug business I don't think anyone could sell to anybody the "Rex Dyspepsia Tablets" referred to in this case in place of "Rex for the Blood."

134 During the time I was in partnership with Taylor in Portland some people called our store "Rec's Store." They would say, "Go up to Rec's."

From 1885 to 1890 I was in the drug business at Shelby and Jefferson, in Louisville, for myself, and my store was called Theodore Rectanus' Drug Store. My friends and anybody that knew me for any time always called me "Rex" for short, and called my store "Rex" Store.

I next had a drug store at Preston and Market, where I remained until I quit the business. My store at that place was called the Rex Store."

The envelope you hand me has a picture on it representing my store at Preston and Market. I put up the sign represented on this envelope, namely, "Rex for the Blood," by the side of the house 1890, and never took it off. I don't know but what it is there now.

(The envelope in question was filed as evidence, marked "Exhibit Rectanus No. 25½.")

The envelope you hand me is a small envelope used for putting medicine in. They were gotten out when I went to Preston and Market.

(The envelope in question was offered as an exhibit, marked "Exhibit Rectanus No. 26.")

These advertisements were gotten up about 1890.

The sign you hand me, on which is written "Take Rex For The Blood," was gotten out and distributed in the drug stores here in town about 1890.

(The sign was offered in evidence, marked Exhibit Rectanus No. 27.)

I did quite a bit of advertising of "Rex for the Blood" in other places than Louisville. I advertised in Pittsburgh. Then I had an agreement with some man out East. I have forgotten now who it is. I paid him \$10.00 a month for advertising. He took it out in medicine. I forget where it was now—New York, I think.

At one time I sent wagons around through the country to sell "Rex for the Blood." That was when I spent the \$700.00 referred

to. I sent a party out with a wagon at one time here in Kentucky, in 1888.

Cross-examination :

I would not recommend "Rex for the Blood" for chronic indigestion. There is some mandrake in it which is a laxative, it is also a digestive—we recommend it for light indigestion, you know. It has a tendency to cure dyspepsia. It is a stimulant, you know—reconstructive. So far as it purifies the blood, 135 it acts by elimination mostly.

"66. What was the first preparation to which you applied the word 'Rex' after this one?"

(Objected to by the defendants because "Rex for the Blood" is the only preparation put out by defendants which is sought to be enjoined by the complainant, and that this line of questioning is for the purpose of discovering evidence on which to base other suits.)

"The Court: After the Rex For the Blood?"

"Mr. Janney: Yes, sir."

"67. Was this Rex Celery Compound the first, second, third, fourth, fifth or sixth product to which you applied the name "Rex"?"

"By the Witness: Is the question all right, Judge?"

"The Court: Yes, answer it."

"A. Well, I could not tell you exactly how many preparations it was after I made Rex For The Blood, because in 1906 my health failed me, and for that reason I incorporated my business. Then Mr. Dietrich had charge of it, and before him there was another young man there had charge of the store, and they put up these medicines then just as they saw fit. I did not—as long as they were put up right and in good faith so they could be sold to the public, and the people got their money's worth, I didn't object to them at all. I don't know when that was put up."

Prior to 1906 I had used "Rex" on other preparations. It may be that "Rex Celery and Iron Compound" was included, I can't tell. I am positive about other things. I made a "Rex Herb Pill" and put it in the same carton with "Rex for the Blood."

I remember a conversation I had with you. If I told you that up to the time the business was incorporated I had not applied "Rex" to anything but "Rex for the Blood" that was a mistake, because I had. I made the "Rex Herb Pill," I know. About the "Celery Compound," I could not tell you whether it was before or after. We made a "Rex Foot Ease," and several little things.

Testimony of Dr. Gordon L. Curry.

Am 41; Professor of Chemistry in Louisville College of Pharmacy; have been connected with that college since 1894.

I entered the retail drug business in 1888.

I made an analysis of the "Rex Dyspepsia Tablets" in litigation in this case—the white tablets only.

136 "7. Where did you get them?"

"A. At Taylor-Isaacs Drug Company at Third and Jefferson.

"The Court: Well, he got them. It is not disputed they are the same thing.

"The defendants excepted to the ruling of the Court, and avowed that the witness, if permitted to answer the question, would say that when he inquired at the stores which had for sale the United Drug Company's products, they seemed to know nothing about the Rex Dyspepsia Tablets, involved in this litigation, and that at one of the stores, after considerable search, one of the clerks finally found it in a corner covered by many other medicines."

I made an analysis of twelve of these white tablets. The sugar coating consists merely of sugar. The interior of the tablet is a soft yellow friable mass, consisting of ox gall, and some starch, and a little sugar of milk.

The twelve tablets weighed approximately 4 grains, each. Allowing for the sugar coating, they would probably not contain over 3 grains of ox-gall, each.

Through literature I am acquainted with the effect of ox gall on the human system; not through any personal knowledge from using it myself. Medical books seem to be very much mixed on the therapeutic effect of ox-gall, some authorities claiming one thing and some another. The recent authorities, Simon's Physiological Chemistry, for instance, claims that there is no antiseptic effect whatever directly—as ox gall itself.

Stillay and Macey are authorities on the subject of the use and application of medicines, and they make the claim that the long continued use of ox gall produces dysentery, and a tendency to hemorrhoids.

In the strictest sense, ox gall is of no value in the treatment of diseases of the blood; in the broader sense, it might have some effect by the increased elimination through the bowels.

I have been familiar with "Rex Blood Purifier" since 1888. It was then being made by Theodore Rectanus. I don't know that his place of business was known at any time as "The Rex Store." I know his nickname was "Rex." I have called him "Rex" ever since I knew him intimately. I don't know that the medicine has been constantly on the market since 1888, but I have never heard of it being taken off the market.

#### Cross-examination:

I have never seen any authority that disagreed with Stillay and Macey.

137 I consider the work of Horatio C. Wood, "Therapeutics, Its Principles and Practice," as authority; also John B. Shumaker's work, "Materia Medica and Therapeutics"; also the National Standard Dispensatory, by Hare and Caspari; also Wood

and Remington and Saedtler, who are successors of Stillay and Macey. They have not changed the original text, they have only modernized it in so far as they have added the new preparations that have been introduced. I am sure the text relating to ox gall has been changed.

I consider the National Dispensatory more recent. A later issue is always more authoritative. Stillay and Macey got out the earlier editions.

The British Pharmacopœia is the standard for all English-speaking countries except the United States. The same is true about the British Pharmaceutical Codex.

Hare, in his Principles of Therapeutics, says ox gall ought not to be given on account of its preventing, in a sense, the gastric digestion.

I know of ox gall being administered by reputable physicians. Formerly, it was rather a common remedy. I don't know what it is now. I have not seen a prescription filled for some little time.

#### Redirect examination:

I have never seen a prescription written wherein ox gall was prescribed alone, with no other medicine.

#### Testimony of Dr. L. W. Eckels, Jr.

Have been practicing medicine in Louisville since 1905, and do a general practice.

Am familiar with the effects of ox gall on the human system. I don't see how it could be given for a blood purifier. If a nine-grain dose were taken each day at noon for any length of time as a blood purifier, it would be injurious to the human system. If a nine-grain dose were taken for any considerable time for dyspepsia, it would result in irritation, probably in diarrhœa. It has the effect on the stomach of preventing the flow of the gastric juices, and dries up the gastric juice that does flow.

Ox gall does not pass into the blood, it goes into the second stomach and is used to emulsify the fats from the stomach. In the human system it is worthless as a drug, except where some medicine is needed to emulsify the fats.

During my practice and study of medicine I never heard  
138 ox gall referred to or recommended by any physician or any authority in the medical world as a blood purifier.

If a patient should take three of these "Rex Dyspepsia Tablets" at noon for any considerable length of time—a week or ten days or two weeks—it would eventually cause a diarrhœa and an irritation of the bowels—bring about irritation of the bowels.

The authorities on the method of prescribing medicine recommend that some digestive medicines be taken at noon. Prescriptions are given by physicians according to the time people eat, and not according to the hour of the day. Some medical authorities recommend the taking of some medicines before and some after meals.

## Cross-examination:

I have never really prescribed ox gall, but I have seen it given in the clinics. I have prescribed it in the clinics. I have prescribed it, I suppose, fifteen or twenty times; always to increase the flow of bile, to act on the liver directly. It is good for that.

It was at one time, until the last five or six years, a recognized remedy. I have seen several cases where it has been given in five-grain doses—a dose, I believe, is from five to fifteen grains—and in those cases it caused dysentery. I have, as a rule, prescribed from three to five grains. Where dysentery was attributable to the ox gall, it was the average dose—three to five grains. Some authorities claim that you can give from five to fifteen grains.

It is a matter of my personal observation that when given in excess, or for too long a time, ox gall will cause dysentery.

In my opinion, if two or three of these white pills, say from six to nine grains, are given to the extent of a box containing a dozen of them, one dose a day at noon, it would cause dysentery.

I do not know whether or not charcoal would have any effect on the dose. As far as I know, the charcoal may correct any such tendency.

Ox gall causes dysentery by irritating the bowels.

Jaundice is an absorption of bile into the blood. The cure of jaundice involves purification of the blood. Anything that will cure jaundice is not necessarily of the character of a blood purifier. Jaundice is cured by elimination. It is through the bowels, by action directly upon the liver and gall bladder.

139 Blood can be purified by alternatives, which act largely, but not altogether, through elimination.

Serums can be injected directly into the blood for the purpose of purifying.

There is nothing of the usual medicinal nature for purifying the blood that could not be taken internally and act indirectly, largely by elimination.

If anything was highly and justly recommended for the cure of catarrhal jaundice, I would say that it aided in purifying the blood. If it purifies the blood in jaundice it performs a very important blood purifying function.

I don't know whether "Therapeutics, Its Principles and Practice," by Horatio C. Wood, is authoritative. I do not base my opinion on that. The same is true of the United States Dispensatory, by H. C. Wood, Joseph Remington and Samuel Sædttler.

I have never heard of ox gall being used in the treatment of catarrhal jaundice. Such a thing has not come within my experience.

Jaundice arises from the absorption of bile. If an excess of bile is removed by some therapeutic agency, and the bile is brought to normal condition, it relieves the blood from jaundice, and assists in purifying the blood, and is important. You have to attack jaundice through the *corruption* of the bilious condition.

I never heard of ox gall being recommended for the purposes of diminishing the excess of bile.

Ox gall is not an intestinal antiseptic, and does not assist the action of pancreatic secretions upon proteids and fats, but will have a tendency to shrivel up these proteids and fats. Its laxative qualities are brought about by irritation, which increases the peristaltic movement of the bowels.

The British Pharmaceutical Codex is authoritative. If it declares that ox gall is an intestinal antiseptic, I say it might be, and I may be wrong in this respect.

### Testimony of Dr. Leon L. Solomon.

I have practiced medicine in Louisville since 1893. At present I am connected with no medical school, but taught materia medica and therapeutics for ten years, first in the Kentucky University, afterwards in the University of Louisville.

I think I am familiar with the effect of ox gall on the human system. I should never select it as belonging in any sense to blood purifying remedies.

140 The chief action of ox gall is in and on the intestines—in the intestine, by assisting in the emulsification of fats. It directly aids intestinal digestion. Furthermore, ox gall's influence is that of an eliminant, acting like human bile, and producing evacuations of the bowels. So far as I am aware, it is highly offensive to the stomach. It has no influence in an acid medium, and the stomach being acid, its sole influence is exerted in the intestines. Those whose intestinal digestion is bad, and those who tend toward a condition of constipation might be benefited by ox gall. A reasonably large number of people are affected in this way. Those who have stomach indigestion, so-called, would not be benefited, in my judgment, by the employment of ox gall. The larger proportion of those who suffer from indigestion have stomach indigestion.

"13. Would ox gall aid the class of people who have indigestion because of constipation any more than senna would aid them?"

"Mr. Janney: That is absolutely immaterial, Your Honor.

"The Court: The question in this case is as to whether ox gall, taken in reasonable doses would be deleterious or harmful to the human system. That is the only question that is plead, and the only question we need go into. It has taken a pretty wide range to inquire about all of these other things."

(The defendants excepted to the ruling of the Court.)

If tablets such as "Rex Dyspepsia Tablets," here referred to, were taken three at a time at noon by persons having need of a blood purifier, I should say they would have little effect, particularly if taken at noontime. I should say that was the wrong time to give ox gall. If it had any effect at all, it would be to offer an insult to an empty stomach.

Ox gall is so simple a remedy, and for the most part approximating human bile, so indifferent in its positive effect, that I should say there would be no considerable effect produced by it, either for good

or bad, except as I have already asserted, to exert an offensive influence on the stomach.

As I understand your question, it refers to its blood purifying properties. I wish to be understood to state positively that it is never known as a blood purifier, either directly or indirectly.

If taken for any purpose it might or might not cause nausea and vomiting, and if it did, as a result, it would be expelled. If it remained in the stomach and was passed on into the intestines, it would, by stimulating the movement, the worm-like movement of the bowels, result in evacuation.

#### Cross-examination:

In the stomach bile of all kinds ox gall included is offensive and produces nausea. Large quantities are not necessarily required to produce nausea. A very small quantity is offensive to the stomach, and for that reason, not infrequently, it were better given in a capsule, or coated over with something that would make it insoluble until it reaches the intestines. A sugar coating is insufficient, inasmuch as sugar is soluble in the stomach and would dissolve in a few seconds, and the ox gall would be set free. If the stomach contains food it would not be as offensive as if it were empty. As I understand, this is supposed to be given at noon time. By that, I presume, on an empty stomach. A noonday medicine that a doctor prescribes carries with it the suggestion of being taken on an empty stomach.

Ox gall is never classed as a direct blood purifier. I never heard of it being classed as a blood purifier or a direct blood purifier.

A direct blood purifier, as I understand the matter, is one that hastens destruction of blood that is undergoing backward changes—retrograde changes; and, further-more, assists in the removal by acting on the glandular system of such changed blood, permitting the system to build up this new, fresh, clear, clean blood. A direct blood purifier may also act directly upon the blood through the serums.

I am reasonably familiar with the formula for "Rex for the Blood."

Charcoal and ox gall are not infrequently combined as a medicine. I look upon charcoal in the human economy as practically useless and worthless. I think it has just about as much effect as to scatter some charcoal down a foul vault or foul cellar. I think it is practically a useless, inert article. I presume you can find disagreement among physicians as among others on these subjects. I am simply giving you my answer as to the action of charcoal.

I don't understand what is meant by the curing of jaundice. There is no such subject—no such action of any remedy as curing jaundice. Jaundice is not a disease, but a symptom, a manifestation. I don't understand jaundice as playing any part in blood purification, I understand jaundice as coming about either through the blood by snake bite, or other venomous bite (and remedial substances have little or no effect on jaundice of that sort), or its coming about through the blood through cancerous growth.

In the treatment of jaundice, I would undertake to thin the patient's bile through the influence of saline remedies, phosphate of



sodium, Epsom salts, or the like. If the patient's bile became so thin that it would pass by without obstruction, his jaundice would disappear through absorption and elimination. I don't look on jaundice as a condition of blood intoxication. If the patient was cured, his blood would be rid of bile. I don't consider bile as an impurity. Bile doesn't belong in the blood. When the bile is taken out of the blood, I don't think a physician would say the blood was purified of bile. In a popular sense, you might consider it as a purification. When you get the bile out of the blood, you have simply eliminated the bile. I beg to be excused from employing the term "purification." I didn't care to be required to say that ox gall was a blood purifying remedy. I am making a distinct distinction between blood purifying remedies. I am not familiar with the follies of layman belief.

#### Redirect examination:

Ox gall is a much cruder article than human gall, but has an effect in the human system similar to human gall or bile.

Jaundice is not an excess of bile in the system, but the absorption of bile from the gall bladder or gall ducts and the appearance of bile in a region where it does not belong. I should not select ox gall or bile as a remedy in the treatment of jaundice, the presumption being that there is already sufficient, that it is unable to find its escape in the intestines, and is absorbed and gets into the system. I would not care to tax that individual with additional gall or additional bile.

#### Recross-examination:

I think I am familiar with the work called "Therapeutics, Its Principles and Practice," by Horatio C. Wood. It was an authority fifteen or twenty years ago, but is not today. "Materia Medica and Therapeutics," by John B. Shumaker, the edition of 1908, is absolutely unauthoritative today. It was an accepted text book 143 in 1908, and considered quite reliable. If these two authorities say that ox gall gives excellent results when used in the treatment of jaundice, I should say that they were absolutely incorrect, untrue, today, in the light of modern medicine and modern surgery.

"The Court: Now, I want to say, hereafter we will confine the doctors' testimony strictly to the one inquiry, that is, whether ox gall is deleterious, harmful or worthless as a drug. We won't have any of these excursions into all these by-paths. We are going to get down to the balance of the doctors, and come right up to that question and nothing else."

#### Testimony of Dr. O. C. Dilly.

I am a practicing physician, and professor of materia medica and pharmacology in the College of Pharmacy, in Louisville, Kentucky.

"7. If nine grains of ox gall were taken into the ordinary human system at noon by a patient who wanted to cure——

"The Court: We won't go into that phase of it.

"8. Who wanted to purify his blood——

"The Court: We won't go into that at all—what the dose is taken for at all. Your belief is that it is a deleterious, harmful and worthless drug. You may ask him whether it is or not."

(The defendants excepted to the ruling of the Court.)

Counsel for the defendants offered to make an avowal, whereupon the Court said:

"You ask the questions and I will rule on them. It is perfectly plain you have gone into these matters, abstract propositions that have nothing to do with this case. What I intend to do is to try to confine counsel to what they have stated in their own plea, that this is a deleterious, harmful and worthless drug. If you don't want to tackle that question by coming squarely up to it, you can abandon it."

Whereupon counsel for the defendants asked the following question:

"If nine grains of ox gall were taken into the ordinary system at noon by a patient who wanted to purify his blood, would or not that dose of medicine be injurious and deleterious to his system?"

"The Court: He can answer that yes or no, one way or another.

"A. Its action in the system would depend upon the part of the system we have under consideration or in view. It would have a deleterious action in the stomach, beneficial action in the small intestines, and as I understand, we wish to get at the action of this drug upon the blood. I would say that its action upon the blood is worthless, as a blood purifier.

Cross-examination:

Any beneficial results from ox gall are in the same way that a diuretic drug, such as buchu, will act upon the kidney and eliminate certain waste products that have resulted from metabolism in the body, and just in the same way that a diaphoretic drug, such as pilocarpus, will act upon the skin, eliminating certain materials. All of those results are advantageous and desirable, but none of those results are known as blood purifiers.

"13. By Mr. Blakey: Any elimination of the matter accumulated in a constipated person by means of an enema, salt water enema, would do just the same, so far as blood purifying is concerned, would it not?

"The Court: You need not answer that. We will not go into that question."

(The defendants excepted to the ruling of the Court.)

Testimony of Dr. B. F. Zimmerman.

I have practiced medicine in Louisville twelve years. Am not connected with any medical school at the present time, but was connected for a while with the Louisville Medical School, and later with the University of Louisville until last year, when I resigned.

I held the Chair of Theory and Practice of Medicine in the University of Louisville.

I am familiar with the effect of ox gall upon the human system.

If nine grains of ox gall were taken into the stomach of an ordinary patient at noon, the patient desiring a remedy for an impure condition of the blood, it would interfere with the digestion of the stomach, with the digestion of the albuminous substances, but would be slightly beneficial in the emulsification of fats in the small intestine. It would stimulate slightly the flow of bile in the liver. Otherwise, no effect. It would be injurious in the stomach and useful in the intestines in the way of aiding the digestion of fats. If the person in question did not need any aid for the digestion of fats, the injurious effects of such a dose would overbalance the beneficial effects.

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Testimony of J. B. Baird.

I have been in the drug business in Louisville forty-two years. I have known Theodore Rectanus at least thirty years. I knew him when his place of business was at Thirty-fourth and Portland. My memory fails me when I think how far back I have known of his manufacturing "Rex Blood Purifier." I had it in my drug store at Ninth and Market at least thirty years ago.

I can't say whether Mr. Rectanus was called "Rex" or his store "The Rex Store."

From my experience in the drug business, I would say that a patient who desired to purchase the "Rex Dyspepsia Tablets," which you exhibit to me, would not go into a drug store and accept the carton containing a bottle of "Rex Blood Purifier," which you also exhibit to me, thinking he was getting the "Rex Dyspepsia Tablets."

Cross-examination:

Between 1886 and the present time, I have known Mr. Rectanus fairly intimately.

Testimony of Dr. R. G. Fallis.

I have practiced medicine in Louisville a little over thirty years.

Am familiar with the action and effect of ox gall on the human system.

If an ordinary patient were suffering from indigestion of fats, a condition of indigestion that was caused on account of bad metabolism upon the fats, and were to take nine grains of ox gall into his stomach at noon, the ox gall would act upon the fats, but upon the albuminoids and proteids, they would be objectionable in the stomach. Ox gall is not a blood purifier.

If the patient was not suffering from an inability to digest fats, the dose above referred to would be injurious to the stomach, and if the patient did not need an emulsifier for fats, the dose would be injurious to the patient, in that it would affect the proteids and

albuminoids in the stomach. If he did need such emulsifier, then the dose would be slightly beneficial in the small bowel.

"8. What percentage of people suffering from indigestion need something to aid them in digesting fats in the intestines?"

"The Court: We won't go into that either.

"Mr. Blakey: If it is injurious to nine-tenths of the people and useful to one-tenth, then I think we have made our charge clear.

146 "The Court: We won't go into that."

(To which ruling the defendants excepted.)

#### Cross-examination:

Where there is a bad condition of the emulsification of fats, ox gall acts as an intestinal antiseptic. Under certain conditions it acts as a laxative.

I believe I have prescribed ox gall twice in my life. I have used it only in those cases where it is applicable, and they are very few. I ascertained the applicability of ox gall by reference to the condition of my patients, and not by reference to the authorities. I have never used ox gall except in those two cases.

#### Testimony of Robert G. Frick.

I have been in the retail drug business in Louisville on my own account since 1886.

The first I ever knew of "Rex Blood Purifier" was when Mr. Rectanus was down in the West End, several years back, and have known of it being on the market constantly since that time. That must have been early in the nineties if not late in the eighties.

During those years I was Secretary of the Retail Druggists' Association, and I used to come in contact with all the members, and it was a customary thing to refer to Mr. Rectanus as "Rex." Often I have heard that. I used to refer to him as "Rex" myself.

#### Testimony of N. Weisenberger.

I have lived at 3140 Bank street, Louisville, Kentucky, for thirty years. I lived over the store of Dr. Rectanus in 1882 and 1883.

I don't know anything about "Rex Blood Purifier," but I know he got out one afterwards, but that was years afterwards. I didn't know about it at that time. I heard of it for the first time along about 1885 or 1886.

His customers and people living in the vicinity of his store called him "Rex." That was the nickname we had for him.

#### Testimony of Phil Gunther.

I have lived in Portland forty-eight years; was on the police force twenty-two years.

Was well acquainted with Theodore Rectanus at the time he had

his store in Portland. He had a blood purifier that I know of and have taken some of it, afterwards they called it "Rex."

147 We nicknamed him "Rex." That is the only thing I call him today. I never called him "Rectanus."

I knew of this "Rex Blood Purifier" in 1885 or 1886, after I was on the police force. I went on the police force in 1888, and watched a beat out Preston Street. After 1890 Mr. Rectanus came in there, and I knew that he had on his windows "Rex Drug Store." I can remember that after 1890. In Portland we never called his store, we called him "Rex." He was nicknamed "Rex." After he left Portland and went up to Preston and Market, there is where I seen where he advertised this "Rex Blood Purifier" more than anywhere.

#### Testimony of Edward J. Schott.

I have known Theodore Rectanus since 1882, and have known of his "Rex Blood Purifier," I think, since about 1883 or 1884. When I first got acquainted with him he never had no store, he was clerking there for Mr. Taylor. Afterwards he went in partners with Mr. Taylor, and they had two stores down there, and the upper store they called that "Rex Store" and the lower store, they called that "Taylor's Store."

#### Testimony of Walter S. Adams.

I have known Theodore Rectanus since 1887. When I first knew him he was on Shelby and Jefferson.

I did not know anything about his "Rex Blood Purifier." He was generally known as "Rex" throughout the East End. His store was known as "Rex Drug Store." He was called "Rex" and his store "Rex Drug Store" when I first became acquainted in that neighborhood in 1887.

#### Testimony of T. P. Taylor.

I am a Director of the United Drug Company of Massachusetts and New Jersey, and have the agency in Louisville for the "Rexall" remedies.

Mr. Rectanus put up a blood purifier in 1883 or 1884, and used to sell it to his customers in Portland under the name of "Rex's Blood Purifier." That was when he had a partnership with me in Portland.

The United Drug Company gets out a blood purifier called "Rexall Builder and Blood Purifier" and also a "Rexall Celery and Iron Compound"—or Tonic; Tonic, I think.

I am not bringing this suit, and decline to file a bottle of the "Rexall" remedies.

148 I don't know exactly the date on which the Rexall people began getting out their "Rexall Celery and Iron Tonic," it has been several years. I don't remember the date when the Rexall people began getting out their "Rexall Blood Purifier."

"28. Do you have any idea how many sales have been made in Louisville of "Rex Dyspepsia Tablets?"

"The Court: You need not answer. We are especially agreed at the outset that that would come in under another head, not now."  
(Defendants excepted to the ruling of the Court.)

I do not know why the Taylor-Isaacs Drug Company ordered "Rex Dyspepsia Tablets." I have nothing to do with the management of that store.

I had nothing to do with the bringing of this suit. The Board of Directors never discussed the filing of it in my presence. No officers of the corporation ever advised with me concerning the bringing of it.

I don't think the United Drug Company ever advertised "Rex Dyspepsia Tablets," or sent any to Louisville, or tried to sell any at all until after they determined to bring this suit.

I do not know that the Rex Pharmaceutical Company, of Cleveland, Ohio, manufacture "Rex Dyspepsia Cure" or "Rex Application Wafers," which they describe as a medical compound used for a blood purifier, or that the Senoret Chemical Company, of St. Louis, get out a remedy which they call "Rex Dyspepsia Tablets," and the Board of Directors of the United Drug Company at no meeting that I have ever attended decided to bring suit against either of the foregoing companies.

I think I am familiar with the preparation gotten out by the Senoret Chemical Company, of St. Louis, which they call "Rex For Constipation, Kidney, Liver and Female Complaints." I don't know whether the United Drug Company ever brought a suit to prevent the use of the last mentioned remedy. Those things are usually taken care of by the Executive Committee. I am not a member of the Executive Committee.

#### Cross-examination:

I became a director of the United Drug Company about three years ago, and have attended about three meetings; but, as a matter of fact, the directors do not participate actively in managing the business. The Executive Committee handles the business.

Nobody has ever consulted me about any litigation which the Company might enter.

149 The Directors are very numerous.

I had absolutely nothing to do with the bringing of this suit, knew nothing about it.

#### Testimony of Dr. Theodore Rectanus (re-called).

The first intimation I had that the United Drug Company claimed that Theodore Rectanus Company was infringing on its rights in the use of the word "Rex" was about three years ago. A certain lawyer in this town told me about it, and told me that he was asked by some Eastern firm to look into the matter of the Rex Medicine Company.

That was the first intimation I had that the Rexall people were after the Rex Medicine Company.

About two months ago was the first time I ever heard of this "Rex Dyspepsia Tablet," put out by Mrs. Regis, of Haverhill, Massachusetts.

#### Cross-examination:

Mr. Taylor called me over the phone and asked me to come down to see him, and we went over to the Seelbach Hotel and found you there, and you asked me questions. Prior to that I had not, as I remember, seen Mr. Isaacs or Mr. Taylor or anyone.

(The defendant here rested, and the complainant called certain witnesses in rebuttal.)

#### Testimony of Dr. J. R. Morrison.

I have been practicing medicine in Louisville since 1898.

I know something of the therapeutic properties of ox gall.

If ox gall is administered in tablets, mixed with a small amount of starch and sugar of milk, and the tablets are sugar coated, each tablet containing three grains of ox gall, and if these tablets are administered in doses of from six to nine grains a few hours after the morning meal, and some time prior to the noon meal, the effect of the ox gall would not be deleterious. I know of no circumstances under which ox gall is in any degree deleterious, unless it be given in extremely large quantities so that it will interfere with digestion.

It is very frequently used in the treatment of digestive disorders.

I am fairly conversant with A. A. Stevens' book entitled "Modern Materia Medica and Therapeutics." It would be considered an authority.

(Counsel for complainant offered to read as a part of the witness's testimony pages 203 and 204 of the above work under the title "Fel Bovis." Counsel for defendants objected because it was not shown that the views of the writer had not changed since the time he wrote the book; because the opinion of the writer was not expressed under oath; because no opportunity was offered to cross-examine the writer; and because medical science is not an exact science, but a constantly changing science.

Which objection was sustained, but was subsequently overruled, to which defendants excepted.

I am familiar with the text book entitled "Pharmacology and Therapeutics," by Arthur R. Cushny, of London, who is an authority. I am not familiar with the "Manual of Materia Medica," by E. Quin Thornton. I have known about "Pharmacology and Therapeutics," by Wilcox; it is an authority. Cushny's book is the highest authority and is used in almost all medical schools.

The "American Journal of Medical Science," edited by George Morris Piersel, is an authority in the medical world. It is one of the best medical journals in this country, and one of the oldest.



## Cross-examination:

I have prescribed ox gall alone and in conjunction with other things. I have never prescribed it to be taken by a patient in nine-grain doses. Have given them larger doses than that, but the noon hour I don't particularly remember.

Medicines are prescribed by physicians whenever they want to have them taken, irrespective of whether it is the noon hour.

Medicines for the benefit of the digestive organs should not necessarily be prescribed to be taken in relation to the eating hour. We often prescribe a dose to be taken on arising or going to bed, every two hours, or every three hours, or independent of meal hours frequently. Certain drugs are prescribed before meals and after meals. I have never seen any literature to the effect that ox gall has the effect of drying up the gastric juices in the stomach.

Ox gall performs a serviceable function partly in the stomach, but more especially in the duodenum, or the first portion of the small intestine. In the stomach ox gall acts as a stomachic, like bitters. It acts principally in the duodenum.

There is no marked difference between ox bile and any other bile.

Inspissated ox bile is especially prepared for medicine—purified; but it is bile, and as to whether it is purer than human bile depends upon how the human bile is treated and how the ox bile is treated. It might be purer than human bile that comes up in the stomach, depending on what caused the human bile to come up. If it were bacterial invasion of the extra-intestinal canal, and the bile were mixed with this bacterial invasion, that might be an impure bile, and the ox bile taken from a perfectly pure ox might be perfectly pure.

I am familiar with Hare's work on "Practical Therapeutics." It is an authority on ox gall.

My attention is called to page 386 of a very old edition of that book, which I will read, as follows:

"Inspissated ox gall (*Fel Bovis*, U. S.) is, as its name implies, dried ox bile, derived from the gall bladder of the common ox (*Bos taurus*). It is used in medicine for the purpose of relieving certain forms of indigestion which result from deficient secretion of bile or which occur in persons who digest fats with difficulty. In full doses it is apt to cause some looseness of the bowels, and it may be given with the object of producing this condition. When it is used, the fact should be remembered that bile prevents the gastric juice from acting upon proteid or albuminous substances, shrivelling them up, and in addition so alters the gastric liquids as to decrease their digestive power. We know, therefore, that this drug must be administered some hours after meals, as a rule, or, in other words, when gastric digestion is ended and intestinal activity is beginning. The dose of inspissated ox gall, which is dried by evaporation from 100 to 15 parts, is 5 to 15 grains (0.30-1) Purified ox gall (*Fel Bovis Purificatum*, U. S.; *Fel Bovinum Purificatum*, B. P.) is given in the same dose as the inspissated bile. It is made by evaporating 3 parts of pure ox gall to 1 part, and then adding to this part an equal amount of alcohol, which constituents are mixed thoroughly, and

after standing twenty-four hours the clear liquid is decanted, and the residue evaporated to a consistence capable of forming a pill."

(The Court then ruled that as counsel for the defendants had caused the witness to read the book in question, thereby making the witness his own for the purpose of proving the authoritative character of certain medical works, he would withdraw his ruling heretofore made on the medical books offered by the complainant, and would permit those medical books to be read as evidence, to which ruling the defendants excepted, for the reasons heretofore stated.)

152 I am not familiar with the book called "Physiological Chemistry," by Simon. I do not know the subject of the book, but if Simon is a man from Baltimore, he is an excellent man on physiological chemistry. His work on physiological chemistry is excellent.

I read what the author says on page 155, under the heading "Bile":

"Formerly it was supposed that the bile played an important part in the process of digestion, and was further capable of controlling the intensity of the putrefactive and fermentative processes which even normally take place in the lower intestinal tract. It has now been established, however, that, aside from its emulsifying action upon fats, the secretion possesses no digestive properties whatever, and is likewise without effect upon the bacteria which are normally found in the intestinal canal. We accordingly find that in animals and in man the processes of nutrition are in no way interfered with if the bile is prevented from entering the digestive tube, but is carried to the outside through the establishment of a fistulous opening in the common duct, provided that food is administered which contains but little fat."

I do not believe that. That is not authoritative that he stated there.

#### Redirect examination:

In the consideration of these authorities, I consider Prof. Cushny's book as the most direct authority that would be followed by modern medical thought.

(The following portions of books heretofore offered were then considered read under rulings of Court, to all of which the defendants excepted and objected, for the reasons heretofore stated.)

Pages 203 and 204 of "Modern Materia Medica and Therapeutics," by A. A. Stevens, under title of "Fel Bovis, U. S. P.," as follows:

"Purified ox gall (Fel Bovis Purificatum, U. S. P.), only is used in medicine. It is prepared by evaporating to a pillular consistence fresh ox gall that has been subjected for several days to the action of alcohol. It is a yellowish-green soft solid, having a peculiar odor and a partly sweet and partly bitter taste. The dose is from 5-15 gr. (0.3-1.0 gm.).

"Physiological Action and Therapeutics.—Bile is an active chologogue and an uncertain laxative. That it is a true hepatic stimulant, increasing both the liquid and the solids secreted by the

153 liver, has been amply confirmed by Rosenberg, Stadelmann, Joslin, and other investigators who have experimented on both animals and human beings with permanent biliary fistulae. When bile is not present in the intestines, the digestion of fat is materially aided by the administration of ox gall by the mouth. In the test-tube bile suspends peptic digestion by precipitating the soluble proteids (proteoses and peptones) and probably also pepsin; but in the living subject, when the fat is excessive in the stools, it has been shown that it promotes the digestion of proteid food.

"Careful bacteriologic studies do not indicate that bile possesses the pronounced antiseptic properties that are generally attributed to it. It is probable that the fetid character acquired by the stools in the absence of bile is due to impaired intestinal digestion, and, therefore, to better opportunities for the action of bacteria, rather than to the withdrawal of any antiseptic influence exerted directly by the bile itself.

"Bile is too uncertain in its action to be employed as an ordinary laxative. In fecal impaction, however, a solution of ox gall, containing an ounce to a pint of water (30.0 gm.-0.5 L.), often makes a very serviceable enema. When, for any reason, the biliary secretion is lacking in the intestine, ox gall may be used as an adjuvant to certain cathartics—podophyllum, jalap, rhubarb, and scammony—that are ordinarily inactive when bile is not present.

"In cases of biliary fistula or of obstruction of the common duct it may be used to promote the digestion of fats and proteids, and to prevent, indirectly, putrefactive changes in the intestinal contents. It is best administered in capsules, about two hours after meals."

Extracts from pages 708 and 809 of the "Textbook of Pharmacology and Therapeutics," by Arthur R. Cushny, M. A., M. D., F. R. S., Edition of 1911:

"The bile is very seldom used in therapeutics at the present day, although it was formerly credited with great healing virtues. It has a bitter taste, and may have some effect like the vegetable bitters, but has no advantage over these, and is not likely to be used to promote the appetite now, although it was formerly used as a stomachic. The bile is found to precipitate the peptones in test-tube experiments, but does not appear to retard digestion in the stomach materially, judging from experiments carried out in a case of gastric fistula. In the intestine it is generally believed to act as an antiseptic, chiefly because the stools have a strong putrefactive odor in cases of retention of bile. Limbourg has also shown that the addition

154 of bile to protein solution delays their decomposition, while there is some evidence that it promotes pancreatic digestion. It has some purgative action, as is shown by the obstinate constipation which often occurs when it is prevented from reaching the intestine; according to Stadelmann, the bile acids irritate the mucous membrane of the large bowel and thus induce purgation. An obscure relation exists between the drastic purgatives and the bile in the intestine, several of them failing to act in its absence. (See page 99.) Bile increases the activity of the fat-splitting ferment of the pancreas and thus augments the absorption of fats. Most of the bile

given by the mouth is absorbed in the stomach, and small intestine and carried to the liver, which excretes it again, while a small quantity of the bile acids escapes in the urine. In the liver it increases the secretion of both the fluid and the solids of the bile; in fact, the bile is the only reliable cholagogue known. The constituent which acts on the secretory liver cells seems to be the bile acids, and their increase is greater than can be accounted for merely by the excretion of that administered, so that it would seem that they exercise some specific stimulant action on the secretory cells. The bile pigment is also augmented when bile acids are absorbed, owing to the destruction of the red cells of the blood, as the liberated haemoglobin is carried to the liver and there formed into bile pigment.

"Bile given by the mouth does not cause any symptoms except those from the intestine and liver. When it is injected into the blood, however, it depresses the central nervous system and the heart muscles from its direct action on these organs, and decomposes the red cells of the blood. Muscles and nerves suspended in a solution of bile salts rapidly lose their irritability, and some unicellular organisms are killed and dissolved by them. The poisonous constituent of the bile seems to be the salts of the bile acids, but several authors have stated that the pigment is also active.

"Frazer has recently discovered that the bile has considerable virtue as an antitoxin. Thus the bile of the venomous snakes acts as an antidote to their poison, and the bile of other animals has also some effect in this direction. This antitoxic action is apparently due to the presence in the bile of cholesterin, which forms a loose combination or solution with the toxins and retards their absorption into the cells. It is much more efficient when it is

155 mixed with the poison before its application, than when it is injected after the bite. Frazer adds that the bile is also an antitoxin to other poisons, including those produced by the pathogenic microbes. Others have found that the bile of animals dying of an infectious disease (rinderpest) possesses some curative properties in other animals suffering from the same malady, this being explained by the excretion of the antitoxin in the bile.

"Bile has been used as a purgative, and it has been particularly recommended in the form of an enema. It does not seem to be reliable, however, and presents no advantage over soaps and similar substances.

"As a cholagogue it is without rival, but no condition is known in which an increase of the bile secretion is indicated, for though it has been proposed to expel gall-stones by raising the pressure in the gall-ducts by cholagogues, it is found that when the pressure is only slightly increased, the secretion is arrested. It is inconceivable that the small rise in pressure could force out an impacted gall-stone.

"Bile might be used to aid the absorption of fats, particularly when it is deficient in the bowel; in a case of biliary fistula Joslin found that much less fat and nitrogenous food escaped in the stools when the patient was treated with bile pills, than when no treatment was adopted.

### Preparations.

"Fel Bovis (U. S. P.), ox gall, the fresh bile of the ox.

"Fel Bovis Purificatum (U. S. P.), Fel Bovinum Purificatum (B. P.), is formed from the fresh bile by the addition of alcohol, filtration and evaporation to pillular consistency. The alcohol is added to remove the mucus of the bile. The pigments may be removed by filtering the watery solution through animal charcoal.

"Bile is always prescribed in the form of pills made from the purified preparation. 0.3-1 G. (5.15 grs.)"

Also a pamphlet entitled "The American Journal of Medical Sciences," edited by George Morris Piersol, containing an article entitled "The administration of ox bile in the treatment of hyperacidity and of gastric and of duodenal ulcer," by Francis W. Paley, M. D., appearing on pages 796 to 801, inclusive, issue of June, 1913, Vol. 145, No. 495, which was offered in evidence as a part of the testimony of this witness, and was marked for identification "Exhibit Morrison No. —."

156 Ox gall is regarded at the present time as of some value as a medicinal agent.

Recross-examination.

By Mr. Blakey:

"42. It is regarded as of some value where the particular patient needs ox gall in his system, is it?"

"A. Not particularly in those instances, but in cases of dyspepsia—the later works show that in cases of acidity, and those cases of the stomach, that ox gall is being brought forward and used by the very best men in the country with great advantage."

Testimony of Edward G. Isaacs. (Recalled.)

"1. Did you ever have any correspondence with the United Drug Company, of Boston, Mass., concerning the use of the word "Rex" by the Rectanus Company, the defendant in this suit?"

"A. Yes, sir.

"Mr. Blakey: I object to that because it is in chief and immaterial.

"The Court: This is a preliminary question, the precise basis of which is not made clear yet."

(The objection was overruled, to which the defendants, by counsel, excepted.)

The letter you hand me dictated by me on May 15, 1911.

Which letter was read in testimony by the witness as follows:

"United Drug Co., Boston, Mass.

GENTLEMEN: We enclose advertisement taken from one of our local papers which we deem it advisable to call your attention to.

These people make a full line of what they call their "Rex" remedies, such as

- Rex Celery and Iron Comp. for the blood,
- " Headache Powders,
- " Foot Comfort,
- " Bed Bug Killer,

and a number of other preparations.

From a law standpoint, we do not know whether they are conflicting with your trademark or not, but would think from a general standpoint, they are, and while they have been making these preparations for some years, and putting them on the market, they have only lately been advertising them.

We give you this information to use as you think best.  
157 We would not like to be known in the matter in case any action is taken.

You are supposed to have received your information by taking a clipping from one of the local papers in which you do advertising.

Respectfully,

TAYLOR-ISAACS DRUG CO.

Dictated F. G. I."

(Objected to as being testimony in chief. Objection overruled and exception reserved.)

I identify the letter you hand me as one I wrote to Mr. Jones Fuller, of the Legal Department of the United Drug Company, on June 10, 1911, which letter is as follows:

"Jones Fuller, Legal Dept. U. D. Co., Boston, Mass.

DEAR SIR: Replying to your letter of the 15th will say our Mr. Taylor is out of the city, and the writer is unable to give you the data relative to the length of time the Rectanus Co. have been using the word "Rex," but are positive it does not date back longer than 16 or 17 years.

Mr. Rectanus was commonly called "Rex" as a short name, and when he started his preparations on the market it occurred to him to use this name, and we are positive that its usage does not date as far back as '78.

Mr. Rectanus is in the city at this time, but he is no longer interested in the drug store referred to. The writer has been hoping to see him and get the information from him, but up to this time have been unable to do so.

Respectfully,

TAYLOR-ISAACS DRUG CO.

Dictated E. G. I."

The letter you now hand me was signed by Mr. T. P. Taylor, in typewriting, and Mr. Taylor asked me to sign it, he didn't want to take the time to fool with it, and the letter is as follows:

"LOUISVILLE, KY., Oct. 20, 1911.

Jones Fuller, Boston, Mass.

DEAR SIR: I beg to acknowledge receipt of your letters of the 6th and 17th inst., and in reply beg to say I have not as yet been able to reach Mr. Rectanus, but hope to do so in a few days. I understand he has not been well of late, and has not been down town, but as soon as he gets out again, I will have a talk with him and get the information you are seeking. Apologizing for not writing you sooner in regards to this matter, and with best wishes, I beg to remain,

Respectfully,

T. P. TAYLOR.

Dictated E. G. I."

(Defendants objected to the introduction of all three of these letters. Objections overruled, exceptions reserved.)

Cross-examination:

Nobody suggested that I write the first letter, except that at our National Meeting it had been stated by Mr. Liggett and several men that "Rexall" was worth all and cost the United Drug Company a lot of money, and must be protected from every standpoint, and they stated that any druggist in any part of the country—nobody told me to write the letter.

I have been connected with Taylor-Isaacs Drug Company since about 1883.

Mr. Taylor has represented the Rexall People in selling drugs in Louisville since they have been in existence. I don't know the exact date.

(Both sides here rested.)

Up to this point, the parties agree that the foregoing statement is correct, and the Court accepts that view. Thereupon the plaintiff moved the Court to add thereto the following statement, to-wit:

The defendant and appellant, Theodore Rectanus Company, having by counsel, under Rule 75, filed a condensed statement of the evidence introduced at the hearing of this cause, the complainant and appellee, the United Drug Company, now comes and objects to the form of said statement in the following particulars:

159 *Defendants' Motion to Suppress Complainants' Depositions of Louis I. Schreiner and Ellen M. Regis.*

The statement should set forth in full, to be inserted on the second page of the appellant's statement, twelve lines from the bottom of said page, the following words of Court and counsel with reference to said motions, which are to be found on pages 5 to 9 of the typewritten transcript:

"Mr. Blakey: I desire to make two motions to quash and sup-



press two depositions taken by complainants. One is the deposition of Louis I. Schreiner, and one is the deposition of Mrs. Regis.

"The Court: That ought to have been disposed of before we announced ready.

"Mr. Blakey: Though that is ordinarily true, it does not always apply.

"The Court: What is the ground of it?

"Mr. Blakey: The ground is this: That the 60 days' time within which Mr. Schreiner's deposition could be taken, or any deposition could be taken on behalf of complainant, expired on May 13th. They took Mr. Schreiner's deposition on May 15th. Objection was made to it at the time, and at least five days ago, on the 3rd of this month, counsel for complainant were notified that this motion would be made.

"The Court: Wasn't there an order made about this deposition permitting it to be filed?

"Mr. Wehle: If the Court please, there was an order extending the time to and including May 17th, for the filing of all depositions, and this particular deposition—I believe it is the Schreiner deposition, is it not, Mr. Blakey?

"Mr. Blakey: Yes, sir.

"Mr. Wehle: Bears the endorsement of the Clerk as having been filed on May 17th.

"Mr. Blakey: The point I was going to make about the necessity of taking it up in advance is this, that if it were possible for the complainant to retake this deposition, then it would be prejudiced by this motion not being made until now, but it was impossible for them to take it because the time had expired within which they might take it, and that is the ground of the motion to suppress. Now, they were given ample time within which to have Mr. Schreiner here, if they desired to have him here, and for that reason, I do not think the objection that the motion should have been taken up earlier is pertinent.

160 "The Court: I am not very much disposed to be very strict about these things. I thought these matters were all disposed of the other day when I extended the time for filing depositions to the 17th. This particular matter was not called to my attention.

"Mr. Blakey: There was nothing said about it being taken after the 13th.

"Mr. Janney: If Your Honor please, we have no objection to a disposition of this motion at the present time. The defendants were represented by counsel at the taking of the Schreiner deposition. It was because of the Schreiner deposition that we asked for and received an extension of the time to the 17th. An absolutely innocent mistake arose because of the distance between Louisville and Boston, and we required a couple of days' extra time in which to finish the testimony. We believed that the testimony ran even beyond the 17th, the time for taking. That is all a matter of record in an affidavit which I myself made, and it was on that affidavit—

"The Court: If the objection had been made at the time, there would have been no difficulty at all about it. As it was not made, and as the defendants cross-examined——

"Mr. Blakey: If the Court please, permit me one word. I will read what the deposition itself shows: 'As associate counsel for the defendants, and employed solely for the purpose of cross-examining this and one other witness, I participate in the taking of this deposition, and cross-examining this witness, but I do so without waiving any rights defendants may have to object to the taking of this deposition, because of the fact that the time had expired within which the complainant was authorized to take depositions, and I hereby reserve for the defendants all the rights they may have in the premises.'

"The Court: My attention was not called to that at all.

"Mr. Blakey: My attention was not called to it until after we had his proceeding up here on the 15th, and at that time you gave them until the 17th to file proof. I knew nothing about what they were doing in Boston. I could not be supposed to have notice of the fact that they were taking depositions after the 13th.

"The Court: It seems to me that the attention of the Court ought to have been called to this before he went into the trial, and before the 17th of May. At that time, if we had known it, we could have corrected it easily enough. As we did not know it, I think

61 I will overrule the motion for the present, and go ahead with the testimony.

(The defendants excepted to the ruling of the Court.)

"Mr. Blakey: As to Mrs. Regis' deposition, the motion to suppress that is based on the fact that there were two questions asked her concerning the issues involved in this case, both of which she declined to answer, and I think her deposition ought to be suppressed on that ground.

"The Court: Her whole deposition, because she declines to answer two?

"Mr. Blakey: Yes, sir.

"The Court: What authority have you on that proposition?

"Mr. Blakey: I have no authority from the books, but how else can you reach a situation of that kind except by suppressing the deposition?

"The Court: Whose questions were they, the defendants' or the complainant's?

"Mr. Blakey: They were the defendants' questions.

"The Court: You think there was no way to compel her to answer those questions?

"Mr. Blakey: I do not think it was the duty of the defendants to procure a rule against complainant's witness to compel her to answer a question.

"The Court: She was answering your questions; if you wanted her to answer it, you would be the only person who could apply. The other side is not interested.

"Mr. Blakey: My understanding of the rule is that if the witness declines to answer a properly propounded, competent question, that the entire deposition ought to be suppressed. That is my understanding.

"The Court: Give me the authority.

"Mr. Blakey: I can't give you any authority. That is my view of it.

"The Court: I do not think, under the circumstances, that is ground for suppressing the deposition."

162 *Supplemental Amendment by Appellee Under Equity Rule 46 to Condensed Statement of Testimony Filed by Appellant.*

The appellee, United Drug Company, pursuant to Equity rules Nos. 46 and 75 states that at the calling for trial of this cause on July 8, 1913, the defendant filed exceptions to certain interrogatories and answers to them, as hereinafter set forth, and also certain cross-interrogatories and answers thereto, as hereinafter set forth, which interrogatories, cross-interrogatories and answers, appeared in the depositions of certain witnesses for the United Drug Company, as will hereinafter appear, which exceptions were each and all of them sustained by the Court; and the appellee, United Drug Company, moves the Court that the said excluded interrogatories and answers thereto, and the said excluded cross-interrogatories and answers thereto, which appear in the deposition of each witness, be now incorporated verbatim in the appellant's condensed statement of the testimony of that witness, in each instance at the point where such testimony was given.

Deposition of Mrs. Ellen M. Regis.

In the deposition of Mrs. Ellen M. Regis:

In interrogatory 42 Mrs. Regis was asked:

"Speaking of rheumatism to which I believe you have testified in the preceding answer, do you know of anybody who has ever used the preparation for that disorder?"

And the witness testified as follows:

"Well, it cured me of rheumatism and other people have told me it cured them of rheumatism."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 45 Mrs. Regis was asked:

"Do you recall whether or not the remedy was used by anyone as a tonic or blood purifier or for anemia or general run down condition of the system; if so, please state anybody you can now recall who used it for any of those purposes?"

And the witness testified as follows:

"That is what I used it for and there are quite a few told me that was what they used it for. Well, I told the people what I

used it for and "I asked them if they thought it cured them if they would tell me about it afterwards, and they told me, different ones told me different things it cured them of; I asked them if they would tell me after they had taken a certain amount of medicine."

163 The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 46 Mrs. Regis was asked:

"Why did you desire people to tell you about the effect of the preparation on them?"

And the witness testified as follows:

"I wanted them to give me a testimonial if they got cured and I told them to be sure that it was right, that everything was right about it. I did not want to put anything down on the circular that was not just so, and to be sure whether it helped them or not or cured them. I went to see them for a few times at first and got them to continue with it until they found out it really was a benefit."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 92 Mrs. Regis was asked:

"Before whom was this case heard, Mrs. Regis?"

And the witness testified as follows:

"Before Mr. Hill."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 93 Mrs. Regis was asked:

"Do you know whether or not any books, papers, memoranda, documents, belonging to you relating to your Rex business were used in connection with that case?"

And the witness testified as follows:

"Yes, sir."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 94 Mrs. Regis was asked:

"Will you state whether or not you received those back after the termination of the case?"

And the witness testified as follows:

"Mr. Hardy had some of them."

The defendant's exception to said question and answer was sustained by the Court to which ruling the plaintiff then and there excepted.

In interrogatory 95 Mrs. Regis was asked:

"Who was Mr. Hardy?"

And the witness testified as follows:

164 "He was one of our lawyers. He had some of them and those he kept he gave them to Mr. Browne and Mr. Woodworth when they asked him for them, but when they asked Mr. Hill he had destroyed his, the part that he had he had destroyed, but

there was quite a lot left and Mr. Hardy gave them to Mr. Browne and Mr. Woodworth."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 96 Mrs. Regis was asked:

"Can you give us any idea, Mrs. Regis, of the amount of this kind of evidence that was introduced in the trial before Mr. Hill, the amount and the nature of these documents?"

And the witness testified as follows:

"Well there was quite a lot, there were letters from different people in different cities and different states."

The defendant's exceptions to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 97 Mrs. Regis was asked:

"Relating to what?"

And the witness testified as follows:

"Relating to the Rex, orders for it and letters of recommendation and ordering more, and there were books back for a certain number of years, I could not say how many, I do not remember how many. Well, there was quite a little evidence."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 98 Mrs. Regis was asked:

"Can you give us any idea as to the quantity of the papers of this kind that you turned over to your counsel before the trial, and that you did not receive back after the trial?"

And the witness testified as follows:

"Well, there was considerable, I could not say just how much, but there was enough, more than they needed."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 249 Mrs. Regis was asked:

"Is it your claim that the ailment or symptom of impure blood is a result either of dyspepsia or liver trouble?"

And the witness testified as follows:

165 "Well, if the people are troubled with constipation they would naturally have impure blood; and the constipation is caused generally by the liver not acting, and this medicine carried the bile from the liver. It would simply do what calomel will, but it wasn't calomel. It carried the bile from the liver, and regulated the bowels, especially the lower bowel, and one of the best physicians that I ever heard of, he asked me one time what it was, and I told him, and he says, 'You have got the best remedy that ever was known, and especially for the lower bowels,' and he says, 'How did you hear of it?' I never knew of a physician to speak against it."

The defendant's exception to said question and answer was sus-

ained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 451 Mrs. Regis was asked:

"Will you please state a little more explicitly than you have up to the present time exactly what your purpose was in the suit you brought in Massachusetts against the United Drug Company; what protection you sought, if any, by that suit?"

And the witness testified as follows:

"I didn't want them to use the name. I thought it was too near mine."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 452 Mrs. Regis was asked:

"What name?"

And the witness testified as follows:

"Rexall."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 453 Mrs. Regis was asked:

"And for what purpose?"

And the witness testified as follows:

"Well, medicinal purposes."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 454, Mrs. Regis was asked:

"Did you at any time confine your wishes to stop them simply to the dyspepsia tablets?"

And the witness testified as follows:

"No. Everything that was on the labels and circulars."

66 The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 455 Mrs. Regis was asked:

"Will you state in a general way what the result of that suit was?"

And the witness testified as follows:

"They didn't grant them the trademark in the Patent Office."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 456 Mrs. Regis was asked:

"I mean the Massachusetts suit. What was the practical result?"

And the witness testified as follows:

"We sold out to them."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 457 Mrs. Regis was asked:

"Well, who won the case, you or the United Drug Company?"

And the witness testified as follows:

"We did."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 458 Mrs. Regis was asked:

"What, if you know, was the nature of the decision reached by the court in that case?"

And the witness testified as follows:

"They bought us out."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 459 Mrs. Regis was asked:

"For what purpose, if you know, did they buy you out?"

And the witness testified as follows:

"I suppose they wanted to get rid of us; it wasn't for love."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Annie J. Regis.

In the deposition of Annie J. Regis:

167 In interrogatory 77 Annie J. Regis was asked:

"Will you state whether or not you have heard of the Rex medicine being used as a tonic or blood builder?"

And the witness testified as follows:

"Yes, sir. In a great many cases."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 78 Annie J. Regis was asked:

"Will you state whether or not you have ever heard of the medicine being used for the treatment of rheumatism?"

And the witness testified as follows:

"Yes, sir. In fact, my mother herself used it for that purpose."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 79 Annie J. Regis was asked:

"When was that?"

And the witness testified as follows:

"It cured my mother of rheumatism over thirty years ago, and I know of several it has cured since."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 119 Annie J. Regis was asked:

"What was the object you had in mind in the suit you brought against Jaynes entitled Regis v. Jaynes in the year 1903?"



And the witness testified as follows:

"My mother thought the name was too near 'Rex.'"

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 120 Annie J. Regis was asked:

"Will you state whether the resemblance or non-resemblance between the Rexall Tablets Box or the box in which your Rex medicine was sold had any influence or bearing on the case or on your decision to fight?"

And the witness testified as follows:

"It did not."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of James M. Smith.

In the deposition of James M. Smith:

168 In interrogatory 21 James M. Smith was asked:

"For what purposes has she suggested it, besides a blood medicine, if you recall?"

And the witness testified as follows:

"I can't exactly tell what that medicine was for."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 22 James M. Smith was asked:

"Will you state whether or not you ever took any of the preparation yourself?"

And the witness testified as follows:

"Oh, no, never tried it. Sometime later than when I saw the card she recommended it to me, and urged me to take it for a cold."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Alice W. Dewhirst.

In the deposition of Alice W. Dewhirst:

In interrogatory 16 Alice W. Dewhirst was asked:

"Mrs. Regis told you she was making and selling it at that time?"

And the witness testified as follows:

"I think Mrs. Regis did; I am sure I visited there."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Ira O. Sawyer.

In the deposition of Ira O. Sawyer:

In interrogatory 18 Ira O. Sawyer was asked:

"Will you please state all the circumstances you know regarding your wife's buying the medicine at that time?"

And the witness testified as follows:

"All I know is she told me, told me she bought some medicine from her. I didn't take any of it. It wasn't my kind of medicine exactly."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 19 Ira O. Sawyer was asked:

"Do you remember whether your wife said from whom she bought the medicine, whether it was from Mrs. Regis or the daughter?"

And the witness testified as follows:

"I don't recollect."

169 The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Daniel E. Marcotte.

In the deposition of Daniel E. Marcotte:

In interrogatory 18 Daniel E. Marcotte was asked:

"And can you state what any or some of these measures were?"

And the witness testified as follows:

"I heard her state sitting down and talking of her condition. I have heard her state of doctoring with several doctors and getting no benefit. The doctors I can't just recall."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Margaret A. Chase.

In the deposition of Margaret A. Chase:

In interrogatory 29 Margaret A. Chase was asked:

"What, if anything, did she state regarding her medicine at that time?"

And the witness testified as follows:

"That it was a great thing, one of the greatest, one of the greatest."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 40 Margaret A. Chase was asked:

"Can you give any information regarding anybody who has ever taken any of the Rex medicine?"

And the witness testified as follows:

"No, but Annie told me of different ones. She told me of Mrs. Tucker, in Newburyport. Annie said she had taken over fifty boxes. Yes there was Mrs. Martha Sawyer; she had taken it."

The defendant's exception to said question and answer was sus-

tained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 41 Margaret A. Chase was asked:

"What do you know about Mrs. Martha Sawyer? Who was she?"

And the witness testified as follows:

"She was our neighbor for a good many years in Haverhill, and she was also Mrs. Regis' neighbor. She lived in the third house from us. I called in to see how she was. This was in 1879, 170 shortly after I left Haverhill. I went up there three times in 1879. I went in and spoke to Mrs. Regis, and she told me Martha was taking this medicine. Mrs. Sawyer said to me that Mrs. Regis' medicine was a great thing."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 46 Margaret A. Chase was asked:

"For what purpose did she suggest it?"

And the witness testified as follows:

"She told me it would help my stomach mostly. She claimed it was for your stomach. She said it was a tonic for the blood, and it was for stomach trouble, and I think also for rheumatism. She thought it would make iron in my blood. There was one time I was down there and she gave me a box, but I left it on the table."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 49 Margaret A. Chase was asked:

"Can you state generally what you have heard with regard to this Rex medicine business of Mrs. Regis' during the last thirty years?"

And the witness testified as follows:

"Yes, I heard it was a great thing."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 50 Margaret A. Chase was asked:

"How often did you hear it referred to?"

And the witness testified as follows:

"Three or four times a year; whenever I went to Haverhill, somebody would speak of it, that they were taking it and how much good it had done them, and Mrs. Regis would tell me how many was taking it."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Alice J. Phillips.

In the deposition of Alice J. Phillips:

In interrogatory 17 Alice J. Phillips was asked:

"In what way was the word 'Rex' used in connection with the medicine, if you know, Mrs. Phillips?"

And the witness testified as follows:

"All the way that I know was that they told about this 'Rex' curing Mrs. Regis. That is the only way."

171 The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Mary H. Flood.

In the deposition of Mary H. Flood:

In interrogatory 26 Mary H. Flood was asked:

"Can you state whether subsequently to this time you ever heard of any connection the Regis family had with the medicine business?"

And the witness testified as follows:

"Some two years afterwards, Miss McDonald, my sister, told me she took it while she was living in Haverhill."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

In interrogatory 28 Mary H. Flood was asked:

"Did you ever hear of it again?"

And the witness testified as follows:

"Only when Annie came and visited me. I would ask her if her mother still prepared this medicine, and she said she did."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

#### Deposition of Louis I. Schreiner.

In the deposition of Louis I. Schreiner:

In interrogatory 42 Louis I. Schreiner was asked:

"What, if any, standards do you prescribe in connection with the manufacture of medicinal products made by your company?"

And the witness testified as follows:

"We specify that only the best ingredients shall be used. We originally specified on each formula record the exact quantities of each which shall be used. The various items of a formula, as withdrawn from the stock rooms, are each individually charged off to stock ledgers, by this means assuring ourselves as fully as possible that the goods shall be made as we intend them to be made. We furnish our factories the best and latest machinery, and employ only experienced and competent men in the actual compounding of our goods. After the goods are finished they are practically as carefully accounted for as money in a bank, every reasonable and possible effort being made not only to assure accuracy in com-  
172 pounding but quality as well, both in the goods themselves and in the finished packages."

The defendant's exception to said question and answer was sustained by the Court, to which ruling the plaintiff then and there excepted.

### Testimony of C. A. Dralle.

The statement of appellant should include, inserted at the bottom of page 5, the following condensed statement, as supported by typewritten transcript pages 30 and 31:

I remember a conference between Mr. Janney, representing the United Drug Company, Mr. Preston, Mr. Dietrich and myself at the law office of Mr. Carroll, who was then acting as attorney for the Rectanus Drug Company, which conference took place about midwinter of 1912. We discussed the matter of this alleged infringement. No proposition was made by Mr. Janney, but he asked us to take these goods off the shelf and quit making them. I never saw a proposition in writing offered to us. Our attorney asked Mr. Janney plainly what proposition he had, and Mr. Janney told him he had none and that he had full authority to file a suit if it was necessary, and Mr. Janney proposed to waive damages and profits if we would cease infringement, but I did not consider that to be a proposition. I considered it a threat.

Furthermore, there should be inserted in the statement of this witness, as supported by pages 40 to 42 of the typewritten transcript:

I do recollect that we have at times filled mail orders calling for a "Rexall" preparation with either "Rex Celery & Iron Compound" or "Rex for the Blood." I recollect that we had mail orders for the "Rexall" during the time that we advertised "Rex" simply written on a plain letter. I took it for granted that people who wrote to our store for this knew that we were not advertising "Rexall," and I shipped them a bottle of "Rex Celery Compound," presuming that that was what was wanted. I don't remember whether or not I made any explanation of that by letter. If it were not correct possibly I did: "Return at our expense." We have—we often do that. I have no copies of such letters but we ordinarily would do so. I do not recognize the copies of a letter which you hand me. The person who wrote the letter got the goods. I guess I sent

173 them out. You have got the goods there now. I think it quite likely that some of these mail orders asking for a "Rexall" preparation were as a matter of fact filled by our Company with either the "Rex Celery Compound" or "Rex for the Blood." We have also sent out some "Rexall." We have gone down to Taylor-Isaacs and purchased the goods and sent them out.

Furthermore, the statement of this witness' testimony should include the following, as supported by pages 42 and 43 of the typewritten transcript:

"71. When were the words 'The Rex Store' first displayed upon an outside window of your store?"

"Mr. Blakey: I object to that. I don't see that that has anything to do with this case at all. In the first place, you can't have a trademark and a sign on the door.

"Mr. Janney: This refers to the unfair competition.

"The Court: This refers to the other phase of the case. He may answer, if he can.

(The defendants excepted to the ruling of the Court.)

"A. About three years previous.

"72. To the present time?

"A. Yes, sir.

"73. About three years ago?

"A. Possibly; yes, sir.

"74. When was it taken down again?

"A. After you people made your petition that it was unlawful, we took it out.

"75. Can you identify this as a photograph of a part of your store while it had the sign, 'The Rex Store,' upon it?

"A. Yes, sir.

"76. And this a more recent photograph after the sign was taken down?

"A. Yes, sir."

The two photographs in question were thereupon offered in evidence as a part of this witness' testimony, and were marked for identification "Exhibits Dralle Nos. 12 and 13."

Furthermore, the statement of this witness' testimony should include the following, supported by pages 43 to 45 of the typewritten transcript:

I suppose we filled about ten letter orders for "Rexall" preparations. As to three of them, I presumed they made mistakes and wanted "Rex," because they wrote to our store. The other orders were accompanied by newspaper clippings, showing that the writer wanted "Rexall," and we filled all of these orders by getting "Rexall" and filling them. We filled the order which asked for "Rex-  
174 all" preparation with "Rex" preparation, because we were advertising our preparation at that time very heavily, and I judged from that that they wanted the "Rex" preparation, especially as the letter was addressed to our corporation and sent to our store. The writer asked for one bottle only.

All these orders were for "Rex Celery and Iron." We got several orders from out of town for "Rexall" preparations, which orders enclosed a clipping advertising the "Rexall" preparation. In filling this character of orders, we sent out and bought the "Rexall" goods and sent it out in the way it was ordered.

As further explanation of why we sent "Rex" goods in those cases where "Rexall" was ordered and no advertisement of "Rexall" enclosed, will say that we occasionally have people come into our store and call for "Rexall" preparations. We tell them we don't make "Rexall," and explain to them that our preparation is "Rex." They say, "That is what I want." I certainly thought when I filled these three orders that the men writing in to our store at our address wanted the "Rex" preparation. Besides, I think we enclosed a circular or some explanation of our preparation, not "Rexall."

Occasionally people come into our store, asking for "Rexall" products. We never sell them a "Rex" product for a "Rexall" product.

## Testimony of F. Miller Haynes.

The condensed statement filed by Theodore Rectanus Company entirely omits the testimony of this witness. It should be stated in the following form:

I am thirty-one years of age, a traveling salesman, and live at Owensboro, Ky. I sent Theodore Rectanus Company on September 11, 1912, a dollar in a letter, which letter was as follows:

"Sept. 11, 1912.

The Rectanus Drug Co., Preston & Market Streets, Louisville, Ky.

GENTLEMEN: Kindly ship, by express prepaid, a bottle of Rexall Celery and Iron, for which I enclose \$1.00.

Thanking you for prompt attention, I am,

Yours truly,

F. MILLER HAYNES.

c/o 'The Frederick,' Owensboro, Ky."

175 The paper which you hand me is a copy of the letter which I sent and I mailed the original. In response to the letter, I received from the Theodore Rectanus Company a bottle of "Rex Celery and Iron Compound."

(The copy of the letter in question and the bottle of Rex Celery and Iron Compound were offered in evidence and marked "Exhibit Haynes Nos. 14 and 15."

I identify the exhibit bottle by my initials on the label on the bottle and on the carton.

## Cross-examination:

From August, 1911, to October, 1912, I was engaged in business in Indianapolis. I was in Owensboro once during that time. I came through Louisville and I ordered this preparation. I was at Owensboro about a week on leave of absence. I heard of "Rex Celery and Iron" from my cousin, Horace Taylor, son of T. P. Taylor.

"Mr. Janney: That is immaterial, Your Honor. To save time I will admit that the letter was sent at the instance of the complainant indirectly.

"The Court: A decoy letter?

"Mr. Janney: It was a decoy letter precisely."

Mr. Taylor told me what to order and afterwards refunded the dollar to me which I paid for the medicine. I turned the medicine over to Mr. Taylor.

## Testimony of James B. Meguiar.

The testimony of this witness is entirely omitted from the statement of the Rectanus Drug Company. It should be stated in the following form:

I am fifty-seven and am Division Manager of the New Orleans Coffee Company and live in Franklin, Ky. I ordered a bottle of "Rexall" from Theodore Rectanus Company by a letter, copy of which is now exhibited to me, and which copy I identify. I mailed the original letter myself and received in reply a box containing a bottle of "Rex Celery and Iron Compound," which medicine I now identify as that handed to me.

(Letter and medicine were offered in evidence marked "Exhibits Meguiar Nos. 16, 17 and 18," respectively.)

I am able to identify the medicine as that which was shipped to me from my name being on there.

Cross-examination:

I sent for the bottle of medicine because my son wrote to me from Taylor's and asked me to order a bottle.

176 "Mr. Janney: To save time, I will admit that this is another decoy letter. It got to Mr. Meguiar very indirectly, and he probably does not know that, but I am willing to admit it."

Testimony of Dr. Theodore Rectanus.

The statement of the testimony of this witness should include, inserted at page 18 of the appellant's statement, sixteen lines from the bottom of said page, the following remarks of counsel and Court, from page 78 of the typewritten transcript:

"Mr. Janney: That is absolutely immaterial. That is asking him whether there is a trademark infringement here.

"The Court: No, that is not having any reference to the trademark infringement. It is asking for his opinion on it. It might not hurt anything; of course, but is a question for the Court."

Testimony of Dr. Gordon L. Curry.

The statement of the testimony of this witness should include, inserted at page 22 of the appellant's statement, ten lines from the top of said page, the following remarks of counsel and court, from page 91 and 92 of the typewritten transcript:

"Mr. Janney: This witness has not been qualified to testify as to the therapeutic activities of this stuff.

"The Court: He doesn't claim to be a doctor; he is a chemist.

"Mr. Janney: He has stated very frankly that he has no knowledge except what he gets from his authority. Now, the authorities are the best evidence. Certainly this is not competent.

"The Court: That will go to the weight of his testimony. It may be that it is much better to have some physician who knows something about it.

"Mr. Janney: He is testifying absolutely to hearsay. The authorities ought to be produced, if Your Honor please."



## Testimony of Dr. L. W. Eckels.

The statement of the testimony of this witness should include, inserted at page 23 of the appellants' statement, twelve lines from the bottom of page 23, the following remarks of counsel and Court from pages 98 and 99 of typewritten transcript:

"Mr. Janney: It seems to me there should be something  
177 about this witness' qualifications to talk about ox-gall, that should appear. He has stated a conclusion, that he is familiar with it. I think some facts ought to be stated from which the Court and counsel can judge.

"The Court: You can examine him on that on cross-examination. He says he is a physician of some years' standing."

## Testimony of Dr. Leon L. Solomon.

The statement of the testimony of this witness should include, inserted at page 29 of the appellants' statement, seven lines from the top of the page, the following remarks of the Court and of questions and answers, of witness from page 120 of the typewritten transcript:

"Mr. Blakey: I don't think what the layman has to say about it is competent.

"The objection was overruled to which the defendants, by counsel, excepted.

"A. I would beg to be excused from employing the term 'purification.'

"The Court: What term do you apply when you get the bile out of the blood?

"A. You have simply eliminated bile.

"The Court: That is all he is talking about, whether you call it purification or something else."

## Testimony of Dr. R. G. Fallis.

The statement of the testimony of this witness should include, inserted at page 34 of the appellants' statement, fourteen lines from the bottom of said page, the following remarks of Court and counsel, from page- 133 and 134 of the typewritten transcript:

"The Court: That is as far as we need go into the descriptions. I don't suppose a doctor would prescribe for one thing if a man is afflicted with another.

"8. What percentage of people suffering from indigestion need something to aid them in digesting fats in the intestines?

"The Court: We won't go into that either.

"Mr. Blakey: If it is injurious to nine-tenths of the people and useful to one-tenth, then I think we have made our charge clear.

"The Court: We won't go into that.

"The defendants excepted to the ruling of the Court, and avowed that if the witness were permitted to answer he would state, and it would be true, that only a small percentage of patients desir-

178 ing a remedy for dyspepsia, suffer from the lack of some drug which will aid in the digestion of fats in the intestines.

"The Court: I suppose that any drug of any strength taken ill-advisedly, would do harm, but if taken intelligently, many of them will do good.

"Mr. Blakey: I have no doubt about that.

"The Court: So we won't go into that question. It is too remote, I think, from anything involved in this case.

"The defendants except to the ruling of the Court."

#### Testimony of T. P. Taylor.

The statement of the testimony of this witness should include, inserted at page 37 of appellants' statement, fourth line from the beginning of said statement, the following, as supported by the testimony of this witness on pages 142 to 145:

The statement of Mr. Liggett, the President of the Company, that the Massachusetts company is the holding company and the New Jersey company the manufacturing and selling company is correct.

The New Jersey corporation is the original United Drug Company, and they transferred their corporation to the Massachusetts corporation, as I understand it. The Massachusetts corporation is the holder of the stock of the New Jersey corporation, and, as I understand it, the Massachusetts company does the manufacturing and selling.

I am not familiar with what the two companies do; I am only familiar with the fact that the Massachusetts company is an off-spring of the New Jersey company owing to a lawsuit that came up between one of the New York agents and the Jersey company, and then they transferred it to the Massachusetts company. They could not liquidate the Jersey corporation until this lawsuit was settled. I think the Massachusetts company does the manufacturing and selling. If Mr. Liggett says the other company does it, then Mr. Liggett is not mistaken, he is better informed than I am.

Furthermore the statement of the testimony of this witness should include, inserted on page 38 of appellants' statement, the eleventh line from the top, the following remarks of the Court and of counsel from page 146 of the typewritten transcript:

"Mr. Janney: That is absolutely immaterial and nothing but a waste of time.

"The Court: Absolutely so; it has nothing to do with this case."

179 The Court sustained said motion and the addition is made, though this Court cannot quite see its materiality, and leaves that to the appellant tribunal.

This statement as added to is approved.

Dated September 6, 1913.

WALTER EVANS, *Judge*.

*Answers of Complainant's President, Louis K. Liggett; the General Manager of Complainant's Drug Business, Louis I. Schreiner, and Complainant's Sales Manager, Charles E. Murnan, to Interrogatories Filed by the Defendant Company in the Above-entitled Cause.*

Filed May 17, 1913. A. G. Ronald, Clerk.

Interrogatory 1. How long have you been connected with the United Drug Company?

Answer. Louis K. Liggett has been connected with the United Drug Company of New Jersey since its incorporation in 1903; Charles E. Murnan and Louis I. Schreiner have been with the same company since 1906. Answer to Int. 2 explains the relationship between United Drug Company of New Jersey and the complainant.

Interrogatory 1a. Who was your predecessor in office or position?

Answer. Mr. Liggett's predecessor was Edward D. Cahoon; Mr. Murnan's predecessor was Louis K. Liggett; Mr. Schreiner's predecessor was G. W. Bence.

Interrogatory 2. When was the United Drug Company incorporated?

Answer. The United Drug Company of Massachusetts, the complainant in this suit, was incorporated January 18, 1911, and owns and controls the United Drug Company incorporated in New Jersey in 1903.

Int. 3. Does it manufacture at its own plant the bulk of the medicines sold by it?

180 Ans. Yes. The United Drug Company of Massachusetts owns certain subsidiary companies which manufacture the drug products sold in the business of the organization; these subsidiary companies are, in effect, mere departments in the business owned and controlled by the United Drug Company of Massachusetts.

Int. 4. Has it more than one plant, and where are its plants located?

Ans. The company has only one manufacturing plant at Greenleaf and Leon Streets, Roxbury, Boston, Massachusetts.

Int. 5. Did the complainant adopt the name "Rexall" and if not, from what source did it acquire the name "Rexall"?

Ans. The complainant's present subsidiary company, United Drug Company of New Jersey, originated and adopted the name "Rexall," which name is now controlled by the complainant by reason of its ownership of the United Drug Company of New Jersey. The complainant acquired its ownership and control of the United Drug Company of New Jersey long before this suit was entered.

Int. 6. Did it pay anything for the name "Rexall," and if so, how much?

Ans. Complainant's objection to this question was sustained by the court and therefore no answer is made.

Int. 7. When was the name "Rexall" first used as a trade name for any kind of medicine, and on what medicine was it first used?

Ans. "Rexall" was first used as a trademark during the first four months of the year 1903 upon Asthma Pencils, Beef, Wine and Iron; Cough Syrup; Cold Tablets; Headache Tablets; Liver Pills; Sedlitz Powders; Gastric Tablets; Toothache Drops; Tooth Wash; and other preparations.

Int. 7a. When was the name "Rexall" first used as a trade name for any kind of dyspepsia remedy or blood purifier?

Ans. The word "Rexall" was first used as a trade name for a dyspepsia remedy or blood purifier within the first three months of the year 1903.

Int. 8. On what date does the complainant claim that it acquired the right to use the trademark "Rex" from E. M. Regis & Company?

Ans. April 15, 1911.

Int. 9. Was that right transferred to the complainant by a writing, and if so, file a copy of that writing.

181 Ans. Yes. The original copy of the assignment is in evidence as complainant's Exhibit Regis Assignment offered following Int. 13 of the deposition of Louis I. Schreiner (manuscript page 3 thereof—printed page —).

Int. 10. What did the complainant pay E. M. Regis & Company for that right—how much in money and how much in securities or other property, and describe the nature and amount of such securities or other property.

Ans. Complainant paid E. M. Regis & Co. twenty-eight thousand dollars (\$28,000) in cash and seventy-two thousand dollars (\$72,000) in stock of the United Drug Company which, at the time of said payment, had a value of at least seventy-two thousand dollars (\$72,000).

Int. 11. Did the securities of other properties, if any, have any market value at that time?

Ans. Yes. See answer to Int. 10.

Int. 12. Have they any market value at the present time?

Ans. Yes, a market value greater than that referred to in the answer to Int. 10.

Int. 13. What property did the complainant acquire from E. M. Regis & Company? How many boxes of "Rex Dyspepsia Tablets" were there on hand?

Ans. All the business, trademarks, stock in trade, good-will, etc. of E. M. Regis & Company. This transfer included more than five hundred boxes of the preparation put up ready for sale, a large quantity of the preparation unpacked, a large number of empty boxes, and several thousand labels.

Int. 14. During the time E. M. Regis was making these dyspepsia tablets or pills did she have any label on the back of the box, and if so, what appeared on that label?

Ans. I cannot answer of my own knowledge; see the depositions of Mrs. Ellen M. Regis and Miss Annie Regis filed as a part of complainant's testimony-in-chief.

Int. 15. During the time E. M. Regis & Company was making these dyspepsia tablets or pills did it have any label on the back of the box, and if so, what appeared on that label?

Ans. I cannot answer of my own knowledge; see the depositions of Mrs. Ellen M. Regis and Miss Annie Regis filed as a part of complainant's testimony-in-chief.

Int. 16. Do you know of your own knowledge that either E. M. Regis or E. M. Regis & Company ever represented in writing on the box containing the dyspepsia tablets in question that said tablets were a blood purifier?

182 Ans. I do know that E. M. Regis & Company represented in the printed labels on their boxes that the "Rex" tablets constituted a blood purifier. I saw boxes of these tablets long before the Regis business was purchased by the complainant and know that the labels thereon contained the statement that the tablets constituted "An Excellent Blood Purifier and Builder."

Int. 17. Please file with your deposition a box of pills known as "Rex Dyspepsia Tablets" or "Rex Cure" which in your bill you charge the defendants with infringing?

Ans. Boxes of pills referred to in the question are filed as exhibits in connection with the deposition of Mrs. Ellen M. Regis and Miss Annie Regis.

Int. 18. Who manufactured the pills enclosed in that box?

Ans. I cannot state of my own knowledge who manufactured the pills enclosed in that box. Those particular pills may be some that were purchased from E. M. Regis & Company or they may be some subsequently made by the complainant. They are, however, the regular commercial product which is being sold today by the complainant according to the same formula by which they were formerly made by E. M. Regis & Company.

Int. 18a. Did the complainant have on hand when this suit was filed any "Rex Dyspepsia Tablets" made by E. M. Regis & Company or Ellen M. Regis, and if so, how many boxes?

Ans. It is impossible to say whether, at the time this suit was filed, the complainant actually had in stock any of the identical Rex Tablets made by E. M. Regis & Company. The stock originally purchased from E. M. Regis & Company was added to in the regular business of the complainant and the sales were made from the stock derived from both these sources. I can see no way of ascertaining how many boxes, if any, of the Rex Tablets purchased from E. M. Regis & Company remained in stock at the time the suit was entered.

Int. 19. Who caused to be printed the label on the front of that box?

Ans. The label was printed before we purchased the Regis business, and I have no personal knowledge which would enable me to answer the question.

Int. 20. Who caused to be printed the label on the back of that box if there is any label on the back of it?

Ans. The label was printed before we purchased the Regis business.

ness, and I have no personal knowledge which would enable me to answer the question.

183 Int. 21. Of what are the black pills in that box composed?

Ans. I do not know of my own knowledge, but I am informed and believe that Mr. Louis I. Schreiner, who has charge of our manufacturing, has answered this question at Int. 15 of his deposition filed in this suit (manuscript page 4 thereof—printed page —).

Int. 22. Of what are the white pills in that box composed?

Ans. I do not know of my own knowledge, but I am informed and believe that Mr. Louis I. Schreiner, who has charge of our manufacturing, has answered this question at Int. 15 of his deposition filed in this suit (manuscript page 4 thereof—printed page —).

Int. 23. Has the complainant caused any "Rex Dyspepsia Tablets" to be compounded or manufactured since it acquired the right of E. M. Regis & Company?

Ans. Yes.

Int. 24. At what factory or laboratory did the complainant cause them to be made or manufactured?

Ans. Complainant's objection to this question is sustained by the court and therefore no answer is made.

Int. 25. Please give me the names of all managers or employees in general charge of any factories or laboratories belonging to or controlled by the complainant at which any of the pills or tablets in question have been manufactured since 1910.

Ans. Louis I. Schreiner and R. E. Hadley.

Int. 26. How many boxes of these pills or tablets have been manufactured since the complainant acquired the rights of E. M. Regis & Company and at what places were they manufactured?

Ans. The complainant has manufactured about two thousand eight hundred and fifty-three (2853) boxes of the Rex Tablets since acquiring the business of E. M. Regis & Company. This statement does not include the more than five hundred (500) packages which were purchased with the Regis business and which were ready prepared for the market at the time of said purchase, nor does it include the large quantity of the tablets which were purchased from E. M. Regis & Company unpacked and not requiring to be boxed in the large number of boxes also purchased from E. M. Regis & Company. These tablets which were purchased in bulk and were accompanied by the boxes ready to be packed, were also accompanied by several thousand labels for use upon the boxes.

184 Int. 27. Also state how many of these pills were manufactured during the year 1910—how many during the year 1911—how many during the year 1912, and how many during the year 1913?

Ans. In the year 1910 the complainant had not yet purchased the Regis business and was not dealing in the Rex Tablets, and therefore did not manufacture any of them. In the year 1911 and following the 15th of April of that year, the complainant manufactured two thousand ten (2010) boxes of the "Rex" remedy which were added to the large stock purchased from E. M. Regis

& Company. These combined stocks sufficed for the remainder of 1911 and for the year 1912. Up to April 13, 1913, the complainant had manufactured eight hundred and forty-three (843) packages of the Rex Tablets. The aggregate stock of Rex Tablets actually handled by the complainant is, of course, not represented by these figures; because said figures do not include the more than five hundred (500) packages ready for sale, which were purchased from E. M. Regis & Company April 15, 1911, and the large quantities of the tablets, boxes and labels which were also purchased at that time.

Int. 28. Were any of these pills shipped to Kentucky during the years 1910, '11, '12, or '13—and if so, state the names of the druggists to whom they were shipped, and how many were shipped each year?

Ans. Yes, Rex Tablets were shipped to Kentucky as follows:

In 1911 to Franklin, Kentucky, five boxes, R. H. Moore Drug Company;

In 1912, Louisville, Kentucky, 144 boxes, \$21.60, Taylor-Isaacs Drug Company;

In 1913 Catlettsburg, Kentucky, 24 boxes, John C. Hogan;

Dawson Springs, Kentucky, Price & Clark, 24 boxes;

Hopkinsville, Kentucky, L. L. Elgin, 24 boxes;

Owensboro, Kentucky, Smith & Bates, 24 boxes;

Paducah, Kentucky, McPherson & Evans, 24 boxes;

Richmond, Kentucky, Henry L. Perry, 24 boxes;

Shelbyville, Smith-McKenney Company, 24 boxes.

Int. 29. If any were shipped to Kentucky during any of said times were they shipped on request of the druggist or were they sent voluntarily or at the suggestion of the complainant?

Ans. Some of those shipped to Kentucky, as stated in answer to

Int. 28, were sent on order of the druggist and some were sent  
185 on the initiative of complainant as a part of its campaign for exploiting this "Rex" remedy. This manner of introducing, by sample shipments, products which are more or less new to the United Drug Company's organization, is frequently adopted in our business.

Int. 30. Has the complainant any written order from any druggist in Kentucky requesting it to supply any of these pills; if so, file copy of such order?

Ans. Complainant has received at least one written order from T. P. Taylor Company in Louisville, Kentucky. An investigation is being made to locate a copy of this order and if it can be found it will be annexed to this deposition.

Int. 31. Did any druggist in Kentucky ever give a duplicate order for any of these pills, and if so, what druggist, and furnish a copy of said duplicate order?

Ans. Duplicate orders from Kentucky have not been received. A small stock of merchandise of this particular class is very likely to remain on hand for some time, and since the first shipment to Kentucky was made in September, 1911, and the other shipments at various dates since, it is probable the Kentucky dealers still have some stock of the "Rex" remedy.



Int. 32. Give the names of all druggists in Kentucky who handle "Rexall" remedies.

Int. 33. Also give the names of all druggists in New Albany and Jeffersonville, Indiana, who handle "Rexall" remedies.

Ans. Questions 32 and 33 were objected to by the complainant and the objections were sustained by the court; accordingly no answers are given.

Int. 34. Does the complainant manufacture a dyspepsia tablet known as "Rexall Dyspepsia Tablets?"

Ans. Yes.

Int. 35. How many boxes of "Rexall Dyspepsia Tablets" did the complainant manufacture or cause to be manufactured during the years 1910, '11, '12 and '13?

Ans. The "Rexall Dyspepsia Tablets" were one of the earliest products sold by the complainant's organization; their sale was begun in 1903 and therefore practically seven years of successful exploitation and advertisement of this particular product had intervened before 1910, the first years mentioned in question. The manufacture of "Rexall Dyspepsia Tablets" in the years designated was as follows:

1910.....	285,611
1911.....	308,059
1912.....	404,985
1913 up to April 13.....	161,302

186 Attention is called to the considerable increase in the manufacture of these "Rexall Dyspepsia Tablets" from year to year—more than 22,000 increase in 1911 over 1910; and over 96,000 increase in 1912 over 1911. Such substantial increases as this occur after years of advertising and successful sales effort. After an equal length of time and effort exerted in behalf of the "Rex" remedy purchased from E. M. Regis & Company the sales will undoubtedly equal and very probably far exceed those indicated by the foregoing figures of manufacture of the Rexall Tablets. This is particularly true because the Rexall Tablets have not as wide a scope of medicinal properties as had the Rex remedy.

Int. 36. How many boxes of Rexall Dyspepsia Tablets did the complainant ship to Kentucky during each of the years 1910, '11, '12 and '13?

Int. 37. How many duplicate orders for Rexall Dyspepsia Tablets did the complainant receive from druggists in Kentucky during each of the years 1910, '11, '12 and '13?

Int. 37a. What did the gross sales (in dollars) of Rex Dyspepsia Tablets amount to for the years 1911, 1912 and 1913?

Int. 37b. What did the gross sales (in dollars) of Rexall Dyspepsia Tablets amount to for the years 1911, 1912 and 1913?

Ans. These four questions (36, 37, 37a, and 37b) were objected to by the complainant; the objections were sustained by the court and accordingly no answers are made.

Int. 37c. Please file a box of Rexall Dyspepsia Tablets.



Ans. A box of Rexall Dyspepsia Tablets is filed with this deposition.

Int. 37d. Of what are the tablets in that box composed?

Ans. I am advised by counsel to decline to answer this question until ordered to do so by the court. This advice of counsel was given after my stating that it was contrary to the entirely reasonable and usual business policy of the United Drug Company to disclose to competitive interests the ingredients of its medicinal products. Counsel informs me that the Rexall Dyspepsia Tablets are not in any way in issue in this suit and that, in the opinion of counsel, the court would not insist upon an answer to this question under the circumstances.

Int. 37e. Are those tablets blood purifiers?

Ans. The Rexall Dyspepsia Tablets have never been sold as blood purifiers. They are adapted and recommended for the one specific ailment—dyspepsia. To the extent that a proper medicine for the treatment of dyspepsia tends to purify the blood, the Rexall Dyspepsia Tablets may be properly considered as blood purifiers.

Int. 38. Is it not true that 90 per cent of all Rex Dyspepsia Tablets sold by the complainant since 1910 have been sold in the State of Massachusetts, and if not, then what percentage in the States adjoining Massachusetts?

Ans. It is not true that 90 per cent of all Rex Tablets sold by the complainant since 1910 have been sold in Massachusetts. On the contrary, less than 5 per cent of the total volume of sales have been made in Massachusetts. The sale has been nearly uniform in the various States of the United States practically in proportion to population.

Int. 39. Please file a copy of certificate No. 35,503 United States Patent Office showing the registration of the trademark "Rex" by E. M. Regis & Company.

Ans. Said copy in an exhibit filed with complainant's testimony-in-chief.

Int. 40. If the trademark Rexall Dyspepsia Tablets has been registered with the United States Patent Office or with any official of any state, will you file a copy of the certificate showing such registration?

Ans. Question objected to by the complainant; objection sustained by the court; accordingly no answer is made.

Int. 41. Has the complainant at any time since it acquired the rights and property of E. M. Regis & Company ever advertised Rex Dyspepsia Tablets in any way, and if so, state in what way?

Ans. Yes, in not less than forty different newspapers and magazines. This applies to the advertising of the complainant alone. I am informed and believe that there has been considerable local advertising of the Rex remedy in daily newspapers by our retail Rexall agents.

Int. 42. Did the word- Rex Dyspepsia Tablets appear in the advertisement?

Ans. Yes.

Int. 43. Was such advertisement in a newspaper, periodical, circular, letter, posted sign, or otherwise?

Ans. In newspapers and periodicals.

Int. 44. Please state specifically where said advertisement appeared and the date of any newspaper or periodical in which it appeared, and if any other kind of advertisement the date of such advertisement, the number of the issue thereof, and file a copy of same with your deposition.

Ans. The magazine called "Comfort" published in Augusta, Maine, from December, 1912, monthly to the present time. In a magazine called "New York Housewife" beginning in January, 1913, and monthly to the present time. These magazines are of national distribution and reach practically every community in the country. Advertisements in these are intended to bring the Rex remedy directly to the attention of consumers. This particular advertising has been begun comparatively recently as a campaign to develop the market for the Rex remedy for the introduction of the new and improved package which overcomes the difficulties experienced with the earlier packages which were used on our initial campaign of development of the business in the Rex remedy.

In our first campaign we caused advertisements to be inserted in a large number of daily newspapers in practically every State in the Union. I have not the data which would identify these particular advertisements, but I shall procure copies to be filed as exhibits in this suit.

Int. 45. If you say such advertisement was in a circular or in any manner other than newspaper or periodical, state where such advertisement was circulated, if it was circulated, and the numbers so circulated or distributed.

Ans. I believe that there has been no advertisement on the Rex remedy except in newspapers and periodicals.

Int. 46. Were any of said circulars or other advertisements sent to Kentucky?

Ans. I am informed and believe that there has been considerable newspaper advertising of the Rex remedy in Kentucky.

Int. 47. Who first changed the name of the Regis remedy from Rex Dyspepsia Cure to Rex Dyspepsia Tablets, and why?

Ans. I don't know; the change was made before United Drug Company bought the Regis business.

Int. 48. Has the complainant or any of its predecessors registered the trademark Rex Dyspepsia Tablets or in any manner changed or amended the original registration of trademark as it appears in certificate Registration No. 35,503, United States Patent Office?

Ans. No.

LOUIS K. LIGGETT,  
LOUIS I. SCHREINER,  
CHARLES E. MURNAN.

COMMONWEALTH OF MASSACHUSETTS,  
County of Suffolk, ss:

BOSTON, MASS., May 17, 1913.

Personally appeared before me Louis K. Liggett, being personally known to me as the said Louis K. Liggett, and made oath that the foregoing answers are true to the best of his knowledge and belief.

[SEAL.]

ALEXANDER W. MURRAY,  
Notary Public.

COMMONWEALTH OF MASSACHUSETTS,  
County of Suffolk, ss:

BOSTON, MASS., May 17, 1913.

Personally appeared before me Louis I. Schreiner, being personally known to me as the said Louis I. Schreiner, and made oath that the foregoing answers are true to the best of his knowledge and belief.

[SEAL.]

ALEXANDER W. MURRAY,  
Notary Public.

COMMONWEALTH OF MASSACHUSETTS,  
County of Suffolk, ss:

BOSTON, MASS., May 17, 1913.

Personally appeared before me Charles E. Murnan, being personally known to me as the said Charles E. Murnan, and made oath that the foregoing answers are true to the best of his knowledge and belief.

[SEAL.]

ALEXANDER W. MURRAY,  
Notary Public.

Order Directing Exhibits to be Shipped to the Clerk of Circuit Court  
of Appeals.

Entered September 9, 1913. Evans, J.

The parties agreeing thereto, it is now ordered that there be shipped by the Clerk of this Court to the Clerk of the United States Circuit Court of Appeals for the Sixth Circuit at Cincinnati, for the use on the appeal granted in the above styled cause, to be returned to this court when the said appeal is disposed of, the following exhibits, it being necessary and proper that the said exhibits be inspected by the Circuit Court of Appeals upon review:

A. Complainant's exhibits contained in "Complainant's Exhibit Book No. 1," to-wit: Exhibits Nos. 1 to 40 inclusive filed with deposition of Mrs. Ellen M. Regis, Annie J. Regis, Ida M. Belanger, Mrs. Lucy C. Carr, Mrs. Cordelia Marcotte and Louis I. Schreiner; also exhibits E. G. Isaacs Nos. 1, 2, 3, 4, 5, 6, 7 and 8; exhibits "C. A. Dralle, Nos. 12 and 13"; exhibit "F. Miller Haynes No. 14"; exhibit "J. B. Meguiar, No. 16"; exhibit "J. Rowan Morrison No. 27."

B. Complainant's exhibits "Dralle No. 9" and "Dralle No. 10."

C. Complainant's exhibits contained in "Complainant's Exhibit

Book No. 2," to-wit: Various newspaper advertisements, being exhibits "C. A. Dralle, No. 12-A and No. 13-A."

D. Defendants' exhibits "C. A. Dralle, No. 19"; "Theo. Rectanus, Nos. 20, 21, 22, 23, 25, 26 and 27."

It is further ordered that the cost of transmission to and fro of said exhibits shall be taxed as costs in this cause, and shall be paid in the first instance by the appellant.

*Præcipe of Appellant.*

Filed August 25, 1913. A. G. Ronald, Clerk.

The clerk in preparing the transcript of the record for appeal in the above styled cause will include the following portions thereof:

1. The Bill of Complaint.
2. The demurrer filed by the defendant, Theodore Rectanus Company, January 6, 1913.
- 191 3. The amended bill.
4. The order withdrawing defendant's demurrer.
5. The joint and separate answer of defendants.
6. Defendants' motion to suppress and quash the deposition of Louis I. Schreiner.
7. Affidavit in support of above motion.
8. Order overruling the above motion.
9. Defendants' exceptions to depositions of complainant's witnesses.
10. Defendants' exceptions to certain exhibits filed with complainant's depositions.
11. Decree on exceptions to depositions and exhibits.
12. Opinion on final hearing.
13. Final decree.
14. Petition for appeal and allowance thereof.
15. Assignment of errors.
16. Supersedeas bond.
17. Citation and return thereon.
18. Statement of evidence.
19. Interrogatories and answers thereto.
20. All exhibits (a stipulation and order will probably be entered directing that the original exhibits be set up on appeal.)
21. Præcipe.

*Præcipe of Appellee.*

Filed September 5, 1913. A. G. Ronald, Clerk.

The Clerk, in preparing the transcript of record, is requested to include the following portions thereof:

1. Motion of defendant of February 15, 1913, to strike out parts of bill.
2. Order overruling motion to strike out parts of bill.
3. Motion of complainant for extension of time for filing depositions.

- 192 4. Two affidavits in support of said motion for extension of time for filing depositions.
5. Order granting extension of time for filing complainant's deposition.

*Supersedeas Bond.*

Filed July 15, 1913. A. G. Ronald, Clerk.

Know all men by these presents, that we, Theodore Rectanus Company and M. S. Preston, are held and firmly bound unto United Drug Company in the sum of five thousand dollars, to be paid to the said United Drug Company, its assigns, executors or administrators. To which payment well and truly to be made, we bind ourselves, and each of us, jointly and severally, and our, and each of our, heirs, executors and administrators, firmly by these presents.

Sealed with our seals, and dated this 15th day of July, A. D., 1913.

Whereas, the above named Theodore Rectanus Company hath prosecuted its appeal to the United States Circuit Court of Appeals for the Sixth Circuit to reverse the decree rendered in the above entitled suit, by the District Court of the United States for the Western District of Kentucky, at Louisville.

Now, therefore, the condition of this obligation is such, that if the above named Theodore Rectanus Company shall prosecute its said appeal to effect, and answer all damages and costs, if it shall fail to make good its plea, then this obligation shall be void; otherwise the same shall be and remain in full force and virtue.

THEODORE RECTANUS COMPANY,	[L. S.]
By C. B. BLAKEY, <i>Attorney.</i>	[L. S.]
M. S. PRESTON.	[L. S.]

Sealed and delivered in presence of:  
A. G. RONALD.

Approved:  
WALTER EVANS, *Judge.*

193 *Affidavit of Surety on Supersedeas Bond.*

Filed July 15, 1913. A. G. Ronald, Clerk.

The affiant, M. S. Preston, says that he is a resident of Louisville, Ky., and is the owner of the following real property located in Louisville, Jefferson county, Ky.:

(1) 1369 Floyd street, valued at.....	\$15,000.00
(2) 30 x 100 feet on west side Jackson, between Chestnut and Gray .....	1,500.00
(3) 20 x 120 feet on north side Fehr, between Jackson and Hancock .....	3,500.00

None of the above property is incumbered in any way.

M. S. PRESTON.

Subscribed and sworn to before me this 15th day of July, 1913.

A. G. RONALD, *Clerk*.

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*Clerk's Certificate.*

I, A. G. Ronald, Clerk of the District Court of the United States, for the Western District of Kentucky, at Louisville, do hereby certify that the foregoing One Hundred and Ninety-three pages contain a true and correct transcript of the record and proceedings in the case of The United Drug Company vs. Theodore Rectanus Company, et al., Number 101, copied in accordance with the præcipe of the Appellant and Appellee to be found on pages 190 and 191 of this record, as the same appears from the files and records in my said office.

Witness, my hand and seal of said Court this 18th day of October, A. D. 1913.

A. G. RONALD, *Clerk*.

195 Proceedings in the United States Circuit Court of Appeals for the Sixth Circuit.

*Appearance of Counsel.*

(Filed Oct. 30, 1913.)

To the Clerk of the United States Circuit Court of Appeals, Sixth Circuit.

DEAR SIR: Please enter our appearance as counsel for the appellant in the above styled cause.

Yours very truly,

CLAYTON B. BLAKEY,  
BLAKEY, QUIN & LEWIS.

*Appearance of Counsel.*

(Filed Oct. 31, 1913.)

Frank O. Loveland, Clerk of said Court:

Please enter my appearance as counsel for the appellant.

CLAYTON B. BLAKEY,  
BLAKEY, QUIN & LEWIS,  
*Attorneys for Appellant.*

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*Entry—Cause Argued.*

(January 14, 1915. Before Knappen and Denison, C. JJ., and Sater, D. J.)

This cause is argued by Mr. Clayton B. Blakey for the appellant and by Mr. Laurence A. Janney for the appellee and is continued until tomorrow for further argument.

*Entry—Cause Argued and Submitted.*

(January 15, 1915. Before Knappen and Denison, C. JJ., and Sater, D. J.)

This cause is further argued by Mr. Laurence A. Janney for the appellee and by Mr. Clayton B. Blakey for the appellant and is submitted to the court.

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*Decree.*

(Filed July 20, 1915.)

Appeal from the District Court of the United States for the Western District of Kentucky. This cause came on to be heard on the transcript of the record from the District Court of the United States for the Western District of Kentucky, and was argued by counsel.

On consideration whereof, it is now here ordered, adjudged and decreed by this Court, that the decree of the said District Court, in this cause be and the same is hereby reversed with costs and the cause is remanded to the said District Court with directions to dismiss the bill of complaint.

*Opinion.*

(Filed July 20, 1915.)

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Filed Jul- 20, 1915. Wm. C. Cochran, Clerk.

United States Circuit Court of Appeals, Sixth Circuit.

No. 2551.

THEODORE RECTANUS COMPANY, Appellant,  
vs.

UNITED DRUG COMPANY, Appellee.

Appeal from the District Court of the United States for the Western District of Kentucky.

Submitted, January 14, 1915; Decided, July 20, 1915.

Before Kanppen and Denison, Circuit Judges, and Sater, District Judge.

About 1877, Mrs. Regis, living in Haverhill, Massachusetts, compounded a medicine which she considered useful for dyspepsia and

some other disorders, and, as a distinguishing name therefor, she devised or adopted the word "Rex." She used this word in advertising signs and marked it upon the boxes and packages put on the market, and it is not to be doubted that the word became her trademark. Under the name of "E. M. Regis & Co.," she continued the business,—although in rather a small way. In 1898, she registered the word as a trade-mark under the laws of Massachusetts, and in 1900, procured registration in the United States Patent Office. In 1904, her exclusive right to the mark was adjudicated, by the Supreme Judicial Court of Massachusetts, in a suit which she had brought against the United Drug Co., a Massachusetts corporation, which was managing a chain of drug stores throughout the country known as the "Rexall Stores" and selling "Rexall" remedies (Regis v. Jaynes, 185 Mass., 458). She also established her priority in the mark as against the United Drug Company in a contested proceeding in the United States Patent Office. Thereupon, the United Drug Co., purchased and has since carried on her business, and purchased also in that connection the right to the trade-mark. In 1912, the United Drug Co., filed in the court below its bill of complaint against the Rectanus Co., of Louisville, and some of its officers, all citizens of Kentucky, alleging infringement of this trade-mark by the sale at Louisville of a medicine advertised and marked as the "Rex Blodo Purifier." On final hearing, a decree was rendered for the United Drug Co., and the Rectanus Co., appeals.

DENISON, *Circuit Judge*:

1. It is not denied that in the Massachusetts litigation against Jaynes and the United Drug Co., Mrs. Regis' claim to the trade-mark was earnestly contested and that every available defense was presented. The opinion of the Supreme Judicial Court of Massachusetts and the testimony in the present record alike impel us to the conclusion that her claim of prior right is thoroughly established, and that before 1880, she had so adopted and so used the word that her title thereto as a trade-mark,—and with all the incidents of a common law trade-mark,—was perfected.

The difficulties in this case arise from the fact that Theodore Rectanus, the business predecessor of the defendant corporation, undoubtedly adopted and used the same word as a trade-mark upon a medicinal compound. He began this use about 1883, and it is safe to say that, as early as 1885, he had used the mark so considerably in Louisville that,—save for Mrs. Regis' prior adoption,—it clearly would have become his rightfully exclusive trade-mark. This adoption by Rectanus was in good faith and its use was continued without intermission by him and his corporate successor, and without challenge of any kind from any one, from before 1885 until 1912,—a period of at least 27 years. The real problem in this case is how these conflicting rights and their dependent equities shall be respectively treated.

2. The defendant contends that there is no infringement, because the Regis article has always been put up in pill or tablet



200 form, and was originally, and until after the Rectanus rights had been initiated, labeled and advertised only as a dyspepsia cure; while the Rectanus article has always been put up in bottles and liquid form and called a blood purifier. To this contention, the plaintiff replies that, both articles being intended to have medicinal effect through the stomach and digestive organs with similar ultimate result, they are "of the same descriptive properties," and that, therefore, a trade-mark, valid for one, must extend to the other. In view of the result otherwise reached, it becomes unnecessary to pass upon these contentions; and, for the purposes of this opinion, we assume that such infringement exists as requires us to consider the further questions.

3. The validity of the trade-mark is attacked because it is said that the article is useless or harmful, and that putting it on the market as a remedy is fraudulent. The proofs do not sustain this contention. It has as its basis an element which was once commonly prescribed for some digestive troubles, and which is still prescribed by some physicians. The expert witnesses agree that it may do some good along the line of its advertised benefits, and there seems to be no substantial reason to think that it will be injurious, unless it is taken in too great quantities. If the fact that an excessive amount is harmful were to condemn an article as fraudulent many useful remedies would suffer.

4. The District Judge thus clearly stated the final difficulty:  
"In our broadly extended country, the separate and independent use of these two trade-marks ran along contemporaneously in widely separated localities without either of the parties most interested knowing what the other was doing, until comparatively a few months before this action was brought. The judgment in this case, we think, must necessarily work a hardship upon one or the other of the parties, and possibly upon both."

The demand of the Drug Co., for an injunction against Rectanus rests upon the proposition that a trade-mark right once acquired is exclusive and extends at least throughout all places subject to the laws of the United States. This is a proposition often expressed in one form or another and formulated in the text books (Hopkins on Trademarks, Secs. 10, 13). District Judge Baker, in *Church v. Russ*, 99 Fed., 276, 279, said, "It is commonly said that there is a right of property in a technical trade-mark, and an infringement is spoken of as a violation of a property right. Whether this view be correct or not is quite immaterial, because it is universally agreed that some of the rights which are incident to property do inhere in a technical trade-mark." In *Lawrence v. Tennessee Co.*, 138 U. S., 537, the Supreme Court said (p. 548) "The jurisdiction to restrain the use of a trade-mark rests upon the ground of the plaintiff's property in it, and of the defendant's unlawful use thereof." Based upon this theory of a property or equivalent right perfected by adoption or by adoption and use, it may follow logically enough that a later appropriator is a trespasser and should be suppressed, even though at the time of the later appropriation, the prior claimant of the mark had not ex-

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tended his trade into the defendant's territory. That there had been no actual conflict of trade, and so, no present injury, is not, of itself, a sufficient answer to the claimant's demand, because by defendant's conduct, there is a threat or certainty of future injury to the naturally increasing trade and custom of the plaintiff. There can be no fixed standard of this normal expansion, and we are not called upon to declare any standard for other cases. It is clear that there may be instances where the plaintiff's delay to carry his trade into a particular territory has been so inconsistent with the ordinary conduct of business as to amount practically to an abandonment or disclaimer of that territory; and if, in such case, it has come about that with the express or implied knowledge of plaintiff another has occupied the territory in ignorance of any claim of prior right, and so has been misled into a large expenditure in building up a business, we have not merely that laches which make a court hesitate to enforce the prior right, but that estoppel which forbids such enforcement. Even at law, the statutes of adverse possession recognize that plaintiff, with good title to an estate may lose the right to recover that part of it which he permits an adverse claimant to occupy for too long a time; and there are many familiar instances where courts of equity are moved by the principles of laches or of estoppel to deny specific relief to one whose general or original title is broadly good.

202 We must classify this case as one of those to which we have just referred. Conceding to Mrs. Regis and her successor the broad or the *prima facie*, original exclusive right to the mark, and conceding, without deciding, that no particular standard of diligence should be enforced against them in the matter of expanding their trade over the country, we find much more than lack of diligence,—we find complete indifference. If we take the year 1900 for comparison, we see that, for more than 15 years, Rectanus had been using the mark in his own trade, had expended probably several thousand dollars in making the mark well known, and had established a considerable, although local, business in Louisville and vicinity. His excursions outside of that local field are too inconsiderable to have importance. Although an active druggist, familiar with the literature of the trade, he had never heard of Mrs. Regis' remedy or of her trade-mark. On the other hand, during more than 20 years after the adoption of the mark, Regis & Co. had then done nothing whatever to make it known outside of the New England states, save sporadic sales in territory practically adjacent to those states. So far as Kentucky was concerned, they sent no salesmen there and did no advertising whatever intended to reach that territory. They had registered the mark in Massachusetts, thus getting the local effect of the state statute, but not until 1900 did they indicate by registration in the Patent Office that they claimed an interstate trade-mark. Speaking practically, they confined to one corner of the country, their trade and their efforts to get trade. This might not be important, if it had characterized their conduct for one or two years, or some other short period, or if it could be said that they were merely awaiting a natural development. Such absolute

disregard of the Kentucky territory for 20 years indicates rather more than indifference, and they were bound to know that others were likely to act upon the assumption that the field was open and that their silence would mislead any one who did act in reliance on that assumption.

The compelling equity in the position of defendants situated as Rectanus is, has, in several instances, led courts of equity to refuse an injunction in aid of the first adopter of the mark; and sometimes, in so doing, they have seemed, in some degree, to reject the general principle that the right is exclusive and belongs to the one who first adopts and uses. We are not called upon to consider how far the force and effect of this principle usually go; each case beyond its reach, whether by negation or by exception, depends upon particular facts; and each one of the decided cases which has been brought to our attention can be reconciled with, and perhaps should be considered as standing upon, the theory which we have stated, viz., that even if we concede to the first appropriator of the mark the *prima facie* right exclusive against all others and everywhere, courts of equity will not enforce it where the rules of laches or estoppel make such enforcement unjust, and that, in such case, the original owner does not lose his general right but only the power of enforcing it, in a particular territory, against a specified person and to the extent that he has acquiesced.

Some of the language of the opinion of the District Court in *Carroll v. McIlvaine* (The "Baltimore Club" case), 171 Fed., 125, seems to indicate that the trade-mark right may not go beyond the extent to which plaintiff has actually taken possession of the trade; but when the case came to the Circuit Court of Appeals of the Second Circuit, 183 Fed., 22, it was distinctly held that Carroll, by prior adoption, had acquired a better right to the trade-mark, and the refusal to enforce it against McIlvaine in the territory occupied by him was put solely upon the ground of laches which amounted to an estoppel. In *Macmahon Co. v. Denver Co.*,—C. C. A. 8—113 Fed., 468, it appeared that while the word involved, "Antiphlogistine," might be capable of appropriation as a trade-mark, the plaintiff's use of the word had been so trifling in amount and so exclusively confined to single and small classes of customers that there had not been a sufficient appropriation to create in the plaintiff the normal, full and exclusive trade-mark right in the word as applied in a broader field. The substantial decision was that, in fact and in law, plaintiff never acquired the trade-mark right. The case, on its facts, was an obvious effort by a former officer of defendant to destroy what he had sold, and the result reached was plainly the right one. In *Hanover Co. v. Allen Co.*,—C. C. A. 7—208 Fed., 513, it appeared that plaintiff adopted "Tea Rose," as a trade-mark for flour, in 1872. It had sold its flour only in states north of the Ohio River, and in the south-eastern states, it had, apparently, up to the time of commencing suit, been selling its flour only under other trade-names. The defendant had adopted the same name, in 1893, without knowledge of plaintiff's prior use, and from 1894 until suit commenced, probably 1912, it had been pushing its trade under that

name in the southeastern states, and built up a large business, so that, in the flour trade in that territory, the mark had come to mean defendant's flour and nothing else. An injunction was refused as against this particular southeastern trade. The opinion rests, to some extent, upon the idea that a trade-mark is wholly and merely pertinent to an existing trade, that it cannot be enforced beyond the field which is already occupied by that trade, and that, outside of that field, a later comer may acquire rights in the same trade-mark; but it is not necessary so to interpret the opinion. Plaintiff, while using the trade-mark for 40 years, had kept it out of the southeastern territory; and it would be difficult to distinguish such indifference from a positive abandonment; the defendant, without objection and to an extent which would have brought notice to plaintiff if plaintiff had been claiming rights there, had been for 8 years using the mark in promoting its business in that territory; even when suit was commenced, plaintiff had no trade which was or could be injured by defendant's act; in that territory, it had only expectation or possibility that it might sometime acquire such trade; and, on these facts, it might well be said that plaintiff was not entitled to aid from a court of equity.\*

Our conclusion is that, on the facts of this case, plaintiff was not entitled to the injunction sought. We decide nothing further. Whether Rectanus has any affirmative right whatever, as distinguished from the merely defensive one which we have considered, and whether that defensive right extends to the use of the mark upon any article excepting where, as in the case of the blood purifier, that use had continued so long without challenge as to raise an estoppel,—these questions are not involved. We now hold only, as the Court of Appeals in the Second Circuit did, in the Baltimore Club case, and as we think the Court of Appeals in the Eighth Circuit did in Kahn v. Gaines, 155 Fed., 639 (see our discussion of this case in Gaines v. Rock Springs Co., this day decided) that the defendants may continue to do the thing at which the suit was directed,—  
205 in this instance, use the word "Rex" upon and in connection with their blood purifier.

It follows that the bill of complaint must be dismissed, and for that purpose the decree is reversed and the case is remanded, with the costs of this court to appellant.

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\*Upon the subjects of laches and estoppel see further Saxlehner v. Elsner Co., 179 U. S., 19.

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*Order.*

(Filed Aug. 20, 1915.)

U. S. Circuit Court of Appeals, Sixth Circuit.

THE RECTANUS Co., Appellant,

vs.

UNITED DRUG Co., Appellee.

Let the time for filing petition for rehearing be extended thirty days from present date of expiration.

Aug. 18, 1915.

A. C. DENISON,

*Circuit Judge.**Order.*

(Filed Sept. 20, 1915.)

U. S. Circuit Court of Appeals, Sixth Circuit.

RECTANUS Co.

vs.

UNITED DRUG Co.

Let the time for the United Drug Co. to file petition for rehearing be extended to and including October 18, 1915.

Sep. 17, 1915.

A. C. DENISON,

*Circuit Judge.*

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*Petition for Rehearing.*

(Filed Oct. 18, 1915.)

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United States Circuit Court of Appeals for the Sixth Circuit.

In Equity.

No. 2551.

THEODORE RECTANUS COMPANY, Appellant-Defendant,

v.

UNITED DRUG COMPANY, Appellee-Complainant.

*Petition for Rehearing and Argument.*

Alexis C. Angell, Laurence A. Janney, Counsel for Petitioner.  
Emery, Booth, Janney & Varney, of Counsel.

Filed Oct. 18, 1915. Wm. C. Cochran, Clerk.

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211 Circuit Court of Appeals for the Sixth Circuit.

In Equity.

No. 2551.

THEODORE RECTANUS COMPANY, Appellant-Defendant,

v.

UNITED DRUG COMPANY, Appellee-Complainant.

*Petition for Rehearing.*

To the Honorable the Judges of the United States Circuit Court of Appeals for the Sixth Circuit:

Your petitioner, United Drug Company, appellee in the matter of the above-entitled appeal, respectfully petitions for a rehearing in this cause, and that the Court appoint a time for oral argument upon said rehearing.

The grounds upon which a rehearing is asked are set forth in the following memoranda.

Respectfully submitted,

ALEXIS C. ANGELL,

LAURENCE A. JANNEY,

*Of Counsel for United Drug Company.*

October, 1915.

212 Circuit Court of Appeals for the Sixth Circuit.

In Equity.

No. 2551.

THEODORE RECTANUS COMPANY, Appellant-Defendant,

v.

UNITED DRUG COMPANY, Appellee-Complainant.

*Prefatory Statement.*

May it Please the Court:

Although I have been called into this case in behalf of appellee-complainant since this Court's opinion of July 20, 1915, I have nevertheless carefully considered the authorities cited in that opinion and the other pertinent authorities. I have fully considered the facts at bar, and am constrained to believe that this Court was not suffi-

ciently advised by counsel upon those facts in their relation to a possible estoppel; and that for this reason the Court was misled into an error in reversing the decree below.

What seems to me to be error in this Court's opinion is attributable mainly, I submit, to the profusion of general statements (comprising largely mere obiter dicta) in some of the decisions cited by this Court—notably the Baltimore Club Whisky decision<sup>1</sup> in the lower Court, and in the Tea Rose flour case<sup>2</sup>. These general statements are calculated to mislead as to the real significance of the decisions, and, unless carefully analyzed by counsel with reference to the particular circumstances at bar, they tend inevitably to make erroneous impressions upon the Court. Under all the circumstances, I pray the Court's careful consideration of our main brief.

And I am especially persuaded to urge, if the Court please, a thorough review of the situation, because of the serious danger to trade-mark owners threatened by the doctrine proposed in this Court's opinion.

The matters referred to are fully discussed in the appended brief and argument. We regret that the brief is so lengthy; but we have considered it indispensable to analyze all the pertinent facts and authorities with the greatest care, so that the Court may have the fullest assistance which we are able to give.

Respectfully submitted,

ALEXIS C. ANGELL,  
*Of Counsel for Petitioner.*

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*Argument on Petition for Rehearing.*

May it Please the Court:

Your petitioner seeks an opportunity to present an argument not heretofore made either in its brief or orally upon the hearing of the appeal. There is no desire to reiterate former argument or to add mere cumulative discussion to that already presented.

Appellee's counsel confess that this Court's decision has turned upon a wholly unexpected interpretation of the authorities—one which counsel had supposed to be precluded by the Supreme Court decisions<sup>3</sup> that controlled the trial Court in disposing of the issue upon which the reversal is founded. Counsel believed that these Supreme Court decisions applied so clearly, and with such conclusive effect, to the circumstances of this litigation, that any extended treatment of the issue in question, in brief or argument, would have been superfluous. Therefore, appellee discussed the matter only meagerly, and evidently failed to make clear the vitally important circumstances which effectually distinguish the facts here at bar

<sup>1</sup>Carroll v. McIlvaine, 171 Fed. Rep. 125.

<sup>2</sup>Hanover Co. v. Allen Co., 208 Fed. Rep. 513.

<sup>3</sup>Saxlehner v. Eisner, 179 U. S. 19, 30.

Saxlehner v. Siegel-Cooper, 179 U. S. 42.

Menendez v. Holt, 128 U. S. 514.

McLean v. Fleming, 96 U. S. 245.



from those of the cases cited in support of the reversal, and which render the reasoning followed in those cases wholly inappropriate to the present facts. A rehearing is now asked, so that the Court may be urged to scrutinize this case from every pertinent viewpoint before finally promulgating a doctrine which is unquestionably unique and of the gravest import in trade-mark jurisprudence.

The Court, as we shall presently show, has proceeded in this case far beyond the scope of any prior decision by a Court of  
215 equal or similar authority. No Court, so far as we can learn, has ever found laches or estoppel upon such facts as those here at bar. On the contrary, this Court's decision, if adhered to, would impress upon trade-mark jurisprudence a radically novel doctrine respecting the character of facts sufficient to constitute laches or to create estoppel—a doctrine which would enforce a very important revision of the views of those at the bar who have devoted themselves to the study of the specialty of trade-mark law.

These circumstances, we respectfully submit, should constrain the Court to review the situation with the greatest care, and to afford an opportunity for an adequate elucidation of appellee's position—to the end that, if a new doctrine is to be promulgated, then at least this shall be done only after an exhaustive scrutiny of the authorities, with all the assistance which can be derived from the efforts of painstaking counsel.

We reiterate that we have no desire to re-argue any matter which has been already adequately treated; on the contrary, we ask only an opportunity to offer our analysis of certain earlier decisions upon which heretofore no assistance has been rendered the Court. We submit, with all the earnestness which we can command, that, in the interest of a stable trade-mark jurisprudence, the opportunity sought should be granted.

The questions involved are of far graver importance, in their bearing upon trade-mark rights generally, than are the individual interests of these particular litigants; and we take the liberty of suggesting that the tremendous commercial importance of trade-marks—the enormous capital investment which they represent in this country—offers a subject of such great public concern as well  
216 to merit the expenditure of such time as the Court might allow for the purposes of the rehearing prayed for—if only as a measure of precaution against a possible erroneous decision by a Court of such high authority.

We shall present hereinafter, as briefly as practicable, our reasons for believing that the Court has erred because inadequately assisted by counsel, and we shall discuss the following topics in the sequence indicated:

1. The facts at bar, pertinent to the discussion of the finding of laches or estoppel.
2. The decision cited in this Court's opinion as supporting the finding of laches or estoppel.
3. The general rules of laches and estoppel.
4. The authorities relied upon by appellee-complainant.
5. The practical aspects of the proposed new doctrine; the menace,

in trade-mark jurisprudence, of such a precedent as that suggested in this Court's present opinion.

#### 6. Conclusion.

#### The Pertinent Facts.

We invite the Court to note, in the following review of the facts, that there has been nothing in the conduct of Mrs. Regis or her successors which can be held to constitute laches or to create estoppel under the general rules with which the Court is familiar.

This Court has found (quoting the Opinion, p. 2) "that before 1880 she [Mrs. Regis] had so adopted and so used the word [Rex] that her title thereto as a trade-mark,—and with all the incidents of a common-law trademark,—was perfected."

Until a few months before this suit was brought, com-  
217 plaintiff-appellee and its business predecessors remained wholly ignorant of defendant's adverse use of the trade-mark.

The record shows that, having perfected her trademark rights, Mrs. Regis and her successors proceeded in perfect good faith to extend their sales of the trade-marked product as rapidly as their resources would permit; and that, promptly upon learning for the first time of the defendant's adverse use, the present suit was brought and vigorously prosecuted. The evidence clearly shows that Mrs. Regis' business began merely locally in Haverhill, Mass.; then, by her persistent efforts, was extended to other cities in Massachusetts; was then extended into Maine, New Hampshire, and Vermont; and finally reached New York, New Jersey, and Virginia, and even Canada and Nova Scotia (Record, pp. 82, 90).

The opinion says (p. 5):

"Speaking practically, they [Mrs. Regis and her partnership] confined to one corner of the country their trade and their efforts to get trade."

If this means that Mrs. Regis' limited resources and facilities so obstructed the growth of her business that she was unable to invade new territory more rapidly than she did, then the finding is justified. But if, by the words "they confined," the Court intended to imply that Mrs. Regis deliberately or voluntarily restricted the area covered by her trade, or that she was not persistently enlarging that area by diligent effort—then the record does not support any such conclusion. On the contrary, it is the clear tenor of the whole record of Mrs. Regis' business, that she was ambitious to invade  
218 every market which she could reach; that she was unable to invade new territory rapidly up to the time that the United Drug Company's much greater resources became available.

Following the excerpt last quoted, the opinion (p. 5) says further: "This [the alleged confining of the Regis business to a limited territory] might not be important if it had characterized their conduct for one or two years, or some other short period or if it could be said that they were merely awaiting a natural development."

But Mrs. Regis and her partnership were continuously engaged in pushing their business as diligently as they could; the only charge that can be successfully maintained against them is that the "natural development" of their business was not so rapid as it would have been if they had had more money to devote to advertising and the employment of salesmen. To defeat Mrs. Regis' rights because she was unable to extend them rapidly is to condemn her for her comparative poverty when, had she been able to support her demonstrated diligence by an adequate amount of working capital, she would have entered the Louisville market many years ago.

The Court says further (Opinion, p. 5):

"Such absolute disregard of the Kentucky territory for twenty years indicates rather more than indifference. \* \* \*

But there is nothing in the record to justify the conclusion that Mrs. Regis "disregarded" or was "indifferent" to the Kentucky territory. That in 1900 the gradual growth of Mrs. Regis' business had not carried the trade-mark beyond a radius of a few hundred miles from the starting point—although that radius had steadily increased from the outset—affords no basis whatever for the inference that Mrs. Regis "disregarded" or "was indifferent" to the market beyond that radius. On the contrary, the facts are that she was continually pushing her sales in new territory; that she did not intend to limit the field of her business, but did desire and expect to extend it as rapidly as possible.

The facts that Mrs. Regis did gradually extend her business until 1900, and did establish a going interstate business in the early years of her trade, and did ultimately make formal claim to interstate business by obtaining a registration of her trade-mark in the United States Patent Office—all enforce the conclusion that she had very intention to enter Louisville and every other market immediately her resources would permit.

Such, then, are the facts as to Mrs. Regis' use of the mark. It is impossible to conclude from such facts that Mrs. Regis knowingly permitted the defendant's adverse use of the mark; or that any act of Mrs. Regis' beguiled defendant into the adoption or continued use of the mark; or that Mrs. Regis' inability to reach the Louisville market in any degree induced or encouraged the defendant (who was wholly ignorant of Mrs. Regis' existence) to begin or continue his use; or that Mrs. Regis' silence in the Louisville market was at any time the proximate or any contributing cause of a change in the defendant's condition, as, for example, by an increase of his investment, or the like. In other words, it is impossible, upon the facts of Mrs. Regis' use, to reach those conclusions which are indispensable to the establishment of laches or an estoppel.

Upon the facts the most that can be said is that there was no acquiescence upon the part of the complainant (a person cannot acquiesce in that of which he is utterly ignorant); and there was no conscious infringement upon the part of the defendant until a few months before the suit was brought. There was not the slightest moral delinquency upon the part of

either party. The only question is—which party must be made to suffer for a delay during which both had proceeded in equal good faith and innocence.

The situation would be very different if the record showed that Mrs. Regis had had ample resources to enable her to extend her business as rapidly, or to as remote points, as she might desire, and had failed to reach the Kentucky market only through actual indifference or neglect; or if she had done any affirmative act to withhold her trade from any given territory; or if, as in the "Tea Rose" flour case<sup>1</sup> (*vide post*), she had extended her sales, but under a different trade-mark, to territory within which she had never used the word "Rex." But none of these circumstances is to be found in this case, nor any equivalent facts which would support the inferences expressed in this Court's opinion and upon which alone the reversal rests.

As to the defendant: Mr. Rectanus first used the trade-mark in 1886; he and his successor, the present defendant, continued a desultory use, until just before this suit was brought, in complete ignorance of the concurrent user by Mrs. Regis and her successors. The Court is asked to bear in mind that, since Mr. Rectanus and the defendant knew nothing of Mrs. Regis' doings, it cannot be said that they were in any degree beguiled into a continued use of the mark or lulled into a sense of security in that use by the

fact that Mrs. Regis, being equally unaware of the defendant's doings, did not protest.

In this Court's opinion it is said (p. 5) that

"they [Mrs. Regis and her successors] were bound to know that others were likely to act upon the assumption that the field was open and that their silence would mislead anyone who did act in reliance on that assumption."

But it may be said with equal truth that Mr. Rectanus was bound to know that possibly he had been anticipated in the use of Rex, and that, if he proceeded in his own use without adequate investigation, he did so at his own risk and in the face of the possibility that a prior right might be asserted against him.

In other words, this Court has apparently declared that Mrs. Regis should have assumed the burden of investigating every market in the United States in order to discover adverse uses of her mark and seasonably vindicate her rights. But we cannot understand why, since both parties have proceeded in the utmost good faith, the one having the prior equity and the prior legal title should be penalized for having failed to discover and attack Mr. Rectanus' insignificant business confined to Louisville—when Mr. Rectanus and his successor are made to suffer no inconvenience whatever because they made no effort to ascertain whether they had been anticipated.

And it would have been much easier for Mr. Rectanus to discover the existence of Mrs. Regis' business, which had occupied many states

<sup>1</sup>Hanover Co. v. Allen Co. (C. C. A. 7), 208 Fed. Rep. 513.

and had even entered Canada and Nova Scotia, than it would have been for Mrs. Regis to discover the Rectanus business, which had been isolated in Louisville.

222 In short—since both parties were equally innocent—there cannot possibly be any implication of knowledge or indifference or acquiescence upon the part of either one in favor of the other. If there can be any conceivable legal presumption that Mrs. Regis was bound to know that Rectanus might enter the field, then there must certainly be a countervailing presumption that Rectanus was bound to know that Mrs. Regis might have preceded him in the use of the mark; and there is absolutely no fact nor circumstance of record which would support a charge that Mrs. Regis had been in any degree more neglectful than Mr. Rectanus.

And, further, the Rectanus business was of such insignificant volume—consisting merely of desultory sales in one or two retail drug stores in Louisville—and was so remote from Mrs. Regis' starting point, that it was quite unlikely that Mrs. Regis would have encountered that business and Mr. Rectanus' adverse use of the mark, even if she had been able to extend her own business more widely than was, in fact, possible considering her circumstances.

So much for the facts directly pertaining to the question of laches and estoppel. Other facts of record will be discussed from time to time in connection with the various authorities referred to. We shall next discuss the decisions cited by this Court as authority for this decision and shall show—

1. That those decisions are not authority for a finding of laches or estoppel upon the facts of this case; and—

2. That the doctrines announced in those decisions are not under any circumstances applicable to the facts at bar except in so far as they support your petitioner's argument.

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*Decisions Cited in this Court's Opinion.*

Carroll v. Mellvaine, 171 Fed. Rep. 125;

Same on appeal, 183 Fed. Rep. 22:

In this "Baltimore Club Whisky" case the trial Court refused an injunction upon the ground that defendant had been the first to adopt and use the mark and complainant had never acquired a substantive trade-mark right.

The Court of Appeals overruled this finding of fact and decided the case upon the different ground that complainant had been consciously guilty of gross laches.

Thus both decisions were against complainant, but for different reasons, and neither reason can possibly apply to the circumstances here at bar.

The opinion of Judge Hough in the trial Court notes two important facts:

(1) In 1882 or 1883 the original Carroll (complainant's predecessor), a resident of Baltimore, called upon Mellvaine (defendant's predecessor) in New York, and, well knowing of the latter's use of the name "Baltimore Club," laid claim to the trade-mark as the

property of the Carroll firm. But, in spite of this knowledge, in 1882 or 1883 the Carrolls deliberately neglected to assert their rights further until the suit was brought twenty-five years later, in 1907 (171 Fed. Rep. 127).

(2) Complainant (although knowing for twenty-five years of defendant's use of the mark in New York) made no effort to sell its own Baltimore Club Whisky in New York until just before the suit was brought in 1907; and even then complainant invaded the New York market with a new label, having no resemblance to that previously used by it in Baltimore, which label was  
224 "an imitation of the label used for many years by the defendant and its predecessors, an imitation evidently calculated to deceive any but the most discriminating purchasers" (quoting Judge Hough's opinion).

Thus the Carrolls were found to have been guilty not only of gross laches with full knowledge, but also of a deliberate imitation of the defendant's label with the obvious purpose (as expressly found by the Court of Appeals—*vide post*) of laying the foundation for later acquiring all of the defendant's trade when the defendant's use of the mark should have been suppressed.

The circumstances just pointed out constrained the Court of Appeals to refuse an injunction because of complainant's laches. Judge Hough, although he discussed the circumstances, decided the case upon different grounds altogether. First, Judge Hough reduced the issue to this (171 Fed. Rep. 128):

"The question must be settled whether the founder of complainant's business or the founder of defendant's business first adopted and used the trade-mark 'Baltimore Club' as applied to rye whisky."

This question was answered by the finding that Carroll used the mark no earlier than 1870, while the original McIlvaine sold Baltimore Club Rye Whisky and obtained a considerable market for the same as early as 1868.

Thereupon Judge Hough's opinion said (*Ibid.*):

"This finding of fact is enough to dispose of this case; but there are, in my judgment, other reasons for dismissing the complaint which may be stated."

225 It is these "other reasons" (and Judge Hough's discussion of them is mere *obiter dictum*) which have tended to confuse as to the real meaning of Judge Hough's opinion. There has been a tendency upon a first reading to perceive in Judge Hough's "other reasons" a broad, equitable principle which in fact, upon analysis, proves to be of only extremely limited applicability. The "other reasons" are explained by Judge Hough (171 Fed. Rep. 129) as follows (quoting from the Opinion with our own italics):

"The defendant's trade under the trade-mark in dispute is and long has been confessedly *much larger than the complainant's trade* under the same trade-mark.

"This case, therefore, presents an unusual inversion of the rule that a limited use in a small area does not give a party trade-mark rights as against other interests in other sections of the country, *where no deception would be likely to result*. The unusual condition

rests in this: That this complainant, who has brought about a comparatively small use of Baltimore Club rye, now asserts *a right to extinguish or appropriate a much larger business*, which with or without its knowledge is the result of upwards of thirty years of effort on defendant's part. To grant an injunction *in such circumstances* would be to disregard the most important branch of the equitable rule invoked. The injunction in trade-mark cases is primarily designed to prevent the public from being misled and deceived and to enjoin these defendants from using the words 'Baltimore Club' in favor of this complainant would be to favor the deception (in this jurisdiction at all events) which it is the object of equity to prevent."

226 In the excerpt just quoted we have italicized those parts which render it exceedingly clear that Judge Hough did not intend to announce any broadly applicable doctrine. In the first place Judge Hough was confronted by defendant's large, well-known, and profitable business, contrasted with complainant's insignificant and largely fictitious business in New York which had been started only about twenty-five years after complainant knew of the defendant's use of the trade-mark, and had furthermore been carried on under a fraudulent label with the sinister intention of unfairly appropriating the defendant's business. These circumstances are obviously distinguished from those here at bar.

In the second place, Judge Hough finds as a fact—and could not otherwise support his conclusion—that to suppress defendant's large and firmly entrenched business in New York would have been to further the deception of the public "which it is the object of equity to prevent." And upon the peculiar facts before Judge Hough it is undoubtedly true that the suppression of the defendant's use of the trade-mark would have furthered the deception of a large and important public without correspondingly protecting or benefiting any material portion of the public. But it is only in such peculiar circumstances that a Court is justified in following the course adopted by Judge Hough. In the vast majority of trade-mark cases such a course would lead to the gravest injustice; and this is true in the case at bar.

A suit for trade-mark infringement is practically never brought until the defendant has used the infringing mark widely enough to have acquired the patronage of a considerable public, 227 which recognizes none but the infringing mark and is perhaps entirely ignorant of the complainant's mark. In every such case the suppression of the defendant's use would be to expose the defendant's patrons to all the possibilities of deception and confusion. But these circumstances could never deter a Court, in an otherwise proper case, from a complete vindication of the complainant's legal title and the protection of that portion of the public which had relied upon the legitimate mark. In other words, in practically every trade-mark case, as in the case at bar, there are two portions of the public to be considered; the suppression of an infringer's use of the trade-mark inevitably threatens with deception one of these portions of the public. In Louisville, for example, there



is a public which relies solely upon the defendant's trade-mark and another which relies upon the complainant's; and this would have been equally true if Mrs. Regis had entered the Louisville field in 1886, a year after Mr. Rectanus began to use the mark. But nevertheless Mrs. Regis would have been entitled to suppress the defendant's use even at the risk of possible deception of the public which was familiar with Mr. Rectanus' business.

Thus the general rule is, and must be, that the possible deception of that part of the public patronizing an infringer, must be considered negligible except in such extraordinary cases as that before Judge Hough. In fact Judge Hough expressly says, in the excerpt quoted above, that it is only "in such circumstances" as he indicates that the injunction should be refused.

Later in this brief we shall demonstrate that there is, in any case, but little danger of deception of the public that has already become acquainted with either of the trade-marks in controversy; the al-

ready well-informed customers are not the ones of whom the  
228 Court should be solicitous. That body of the public which has yet to learn of the trade-mark in question—through the advertising and growing reputation of the product—comprises those who are principally threatened with injury through deception and confusion. It is for the protection of these prospective customers that the Courts favor the prevention of concurrent use by different vendors of the same trade-mark. For instance, in Louisville, before this suit was brought, there was active competition between complainant and defendant, each using the trade-mark "Rex." This condition, if permitted to continue, cannot but threaten serious injury to that body of the public, hitherto ignorant of either mark, which upon being reached by the conflicting advertisements of the parties, will be confronted by the same trade-mark used upon two different products having the same descriptive properties. We submit that it should be found the duty of this Court, seeking the very "object of equity" named by Judge Hough, to prevent, rather than to encourage, the concurrent use of complainant's and defendant's marks in the Louisville market.

The real basis for Judge Hough's opinion is indicated by the last paragraph (p. 130) as follows (our italics):

"This case has been presented and tried on the theory that the alleged prior adoption and undoubted registration of trade-mark necessarily gave a universally exclusive right of use to the complainant, in the United States at all events. This contention I believe unfounded, because, first, *complainant's predecessor did not first adopt the trade-mark*, and second, even if he did, such adoption in 1870  
conferred (*under the facts of this case*) no exclusive  
229 rights as against this defendant when suit was begun in 1907."

Obviously, Judge Hough had no intention whatever to announce any rules which could possibly apply to the circumstances here at bar.

And, even if the contrary had been Judge Hough's intention, it



is most significant that none of the grounds upon which he declined to relieve the complainant was adopted by the Court of Appeals.

As already stated, the Court of Appeals in this Baltimore Club case overruled Judge Hough's findings that the defendant had first used the mark (183 Fed. Rep. 24) and then rested its decision wholly upon complainant's laches.

Nearly four pages of the opinion of the Court of Appeals, by Judge Lacombe, is devoted to a discussion of complainant's laches; and the first fact noted is that the complainant had known of the original McIlvaine's use for nearly twenty-five years—from 1882 until the time of the suit. As to this fact the Court said (pp. 24, 25—our italics):

"This would seem to be sufficient to disentitle complainant to a decree for an accounting; but the question whether its delay will also disentitle it to injunctive relief *calls for a more careful examination of the law and the facts.*

"The Supreme Court, in *Menendez v. Holt*, 128 U. S. 541, 9 Sup. Ct. 145, 32 L. Ed. 526, held that in that case:

"Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement; but there was  
230 *neither conduct nor negligence* which could be held to destroy the right to prevention of further injury.'

"It seems impossible to make out from the report how long the delay was in the *Menendez Case*. In its opinion the court says:

"The intentional use of another's trade-mark is a fraud; and when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it. Persistence then in the use is *not innocent*; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked. Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has continued so long and under such circumstances as to defeat the right itself. Where consent by the owner to the use of his trade-mark by another is to be inferred from his *knowledge and silence merely*, it lasts no longer than the silence from which it springs. It is, in reality, no more than a *revocable license*.

"This broad language is, however, qualified in the next succeeding paragraph:

"At the same time, as it is in the exercise of a discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the measure of the relief, where the use by others, for a long period, *under assumed permission of the owner*, had largely enhanced the reputation of a particular brand.'

Thus the Court of Appeals of the Second Circuit recognized the doctrine in this leading case of *Menendez v. Holt*, and found  
231 it necessary to ascertain some special circumstances, beyond "mere delay or acquiescence to disentitle the complainant to an injunction. That Judge Lacombe readily found the necessary distinction is evident from the following, quoted from the opinion (p. 27; our italics):

"It is difficult to escape the impression that complainant *inten-*

*tionally refrained* from bringing suit until some time after McIlvaine's death, in the hope that by that time so many persons in this city [New York] would have acquired the habit of asking for 'Baltimore Club' or 'B. C.' as it is sometimes referred to, that when it stopped the use of such name by defendant it would itself find a good market outside of Baltimore, the demands of which it could alone supply."

And this impression of complainant's sinister intention was said by Judge Lacombe (p. 27) to be strengthened by the circumstance, already referred to herein, that complainant had fraudulently imitated the defendant's labels in the New York market by the use of a label totally different from any previously used by the complainant.

Thus it is the whole tenor of Judge Lacombe's opinion that some conduct indicating bad faith upon the complainant's part—at least something in excess of mere acquiescence—was indispensable to afford a distinction from the *Menendez v. Holt* case which would justify the refusal of an injunction. It is clear that had the complainant Carroll been entirely innocent—and certainly if he had been entirely ignorant of the defendant's doings—the injunction would not have been denied. And it is precisely upon this  
232 distinction that the reasoning of *Menendez v. Holt*, and not that in the *Baltimore Club Whisky* case, should control in the situation here at bar.

In the *Baltimore Club* case two of the elements necessary to the creation of estoppel may be found: First, the conscious acquiescence by the complainant in twenty-five years of growth of the defendant's business evidently acted as an inducement to the defendant to enlarge the business and increase its value. That is to say, the deliberate conduct of the complainant had brought about a change in the defendant's position, and properly the complainant should be estopped from attempting to destroy that which its behavior had induced the defendant to create. In the second place, during a period of twenty-five years, complainant, well knowing of defendant's acts, had evidenced an intention not to enter defendant's market; defendant was entitled to rely upon this evidence of intention, and to be lulled thereby into a sense of security; and of course the complainant should be estopped to adopt a new intention after such a long period.

But in the case here at bar neither of these elements necessary to an estoppel can possibly be found. Defendant's predecessor, Rectanus, was wholly ignorant of Mrs. Regis' existence, and therefore could not possibly have been induced, by her silence, to make any change in his position. Furthermore, Mrs. Regis, being ignorant of Rectanus' use of the mark, could not have evidenced any intention not to complain of that use.

The facts in the *Baltimore Club* case are so strikingly different from those here at bar, and the courses of reasoning necessary to be applied in the two cases are so entirely unlike, that neither Judge

Hough's nor Judge Lacombe's opinion can be said to support a reversal of the decree below in this litigation. On the  
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ontrary, Judge Lacombe's acceptance of the doctrine announced in *Menendez v. Holt*, and the necessity which he recognized for distinguishing from the facts in that case, tend strongly to support your petitioner's present contentions.

*Macmahan Co. v. Denver Co.*, 113 Fed. Rep., 468:

In this case Judge Adams, for the Court of Appeals of the Eighth Circuit, reduced the issue to the following question (at page 472):

"Did the complainant make such use of the word 'Antiphlogistine' in connection with its medicinal preparation, as to cause it to be known and recognized in the market by that word?"

This question, answered in the negative, necessarily determined the Court's decision. After reviewing the evidence the Court said at page 473—our italics):

"Such being the evidence, we are of opinion that complainant's mixture had obtained no such acceptance or reputation in the trade under the name 'Antiphlogistine' as to confer upon complainant *right of property in that word alone*. The test laid down by the Supreme Court in cases *supra* is not met. The use was *not sufficient to ripen into a right of property*."

Finally, the Court said (p. 476):

"We are of opinion, for the reasons hereinbefore stated, that complainant *never acquired and right of property in the word 'Antiphlogistine' as a trademark*, and if it had, that the business arrangement made with Dr. Campbell forfeited all right to the equitable relief prayed for in this action."

Such a decision as this is wholly irrelevant to the circumstances at bar, in which this Court has expressly found that Mrs. Regis, before 1880—

had so adopted and so used the word [Rex] that *her title thereto as a trademark,—and with all the incidents of a common-law trademark, was perfected*."

There is nothing in the Antiphlogistine opinion to indicate that the Court would have declined to relieve the complainant if it had so used the word as to create a substantive trade-mark right earlier than defendant's, and had proceeded in good faith to develop a substantial local and interstate business under the trade-mark as fast as limited resources would permit. Necessarily the Antiphlogistine opinion and the opinion in the present case rest upon wholly different premises. In the former there was never any trade-mark right in the complainant; in the latter complainant's trade-mark right was perfected before the defendant entered the field.

There is still a further distinction which renders the reasoning in the Antiphlogistine case inapplicable. In that case the Court was confronted by a very small and little-known business of the complainant, contrasted with a large, prosperous, and well-known business of the defendant, in the establishment of which large sums of money had been expended. The contrary situation exists at bar; complainant's business in the original Rex Remedy has extended to every state in the Union, whereas defendant's

business, throughout its life, has been confined to Louisville, and has had only a very small volume of sales.

This Court's opinion (p. 6), in reference to the Antiphlogistine case says:

"\* \* \* the plaintiff's use of the word [Antiphlogistine] had been so trifling in amount and so exclusively confined to single and small classes of customers, that there had been insufficient appropriation to create in the plaintiff the normal, full and exclusive trade-mark right in the word as applied in a broader field."

If this is intended to indicate that the Antiphlogistine decision found an existing trade mark right in the complainant, but limited that right to a given territory—then a re-reading of that decision will show that such a conclusion is in no degree justified. On the contrary, it was found, and is distinctly so stated, that the complainant never acquired any trade-mark right in the word "Antiphlogistine." Therefore, that suit necessarily failed, for reasons which are altogether foreign to any circumstances at bar.

Hanover Co. v. Allen Co., 208 Fed. Rep. 513 (C. C. A. 7th; Opinion by Judge Baker):

In this case complainant's conduct showed in fact a deliberate restriction of its business under the "Tea Rose" name to the territory north of the Ohio River, accompanied by a concurrent use of the different and unrelated trade-marks "Trojan" and "Eldean Patent" in the territory occupied by the defendant. Here complainant's behavior left nothing to implication. The Allen Company was  
236 not only able to extend its sales into the defendant's territory, but did in fact do so, and deliberately withheld the "Tea Rose" name from that territory. By this affirmative act, of course, the complainant should be bound.

In fact, the Allen Company's demonstrated intention to withhold the "Tea Rose" name from the defendant's territory endured even at the time of bringing its suit. The opinion states (p. 514):

"\* \* \* that complainant never had any trade in its Tea Rose Brand in the southeastern territory";

(Page 515):

"\* \* \* There is not and never has been any competition between the two flours [complainant's and defendant's] in the same markets, hence no 'unfair' competition, no palming off of defendant's flour as complainant's, no trespass committed or threatened upon complainant's established good will."

These circumstances stand forth as the important and controlling facts in Judge Baker's opinion. After explaining the similarity of "unfair competition" and trade-mark infringement, Judge Baker states his essential conclusions as follows (p. 518):

"\* \* \* And in 'unfair competition' cases, of course there must be actual competition before there can be any unfair competition. 38 Cyc. 760, and notes. And since a 'trade-mark' suit is an 'unfair competition' suit in nature and principle, complainant in this suit has no standing because there is no competition."

In these words we find the gist of the "Tea Rose" decision; and

we likewise find in them precisely that which completely distinguishes the case here at bar. United Drug Company and its predecessors had not deliberately withheld their trade-mark "Rex" from Louisville while trading in that territory under another mark. They had shown no disposition whatever to confine the use of Rex within any limits which their resources would permit them to exceed. Before this suit was brought the United Drug Company had made extensive sales in Kentucky, particularly in Louisville, where its Rex product was on sale at four stores; had encountered actual competition with defendant, both in sales and advertising in the daily newspapers of Louisville—competition of a most threatening character—menacing not only complainant and its retailers, but also the general public. In this situation it cannot possibly be said here, as in the Tea Rose case, that "complainant in this suit has no standing because there is no competition."

Although Judge Baker decided against the complainant, Allen Company, "because there is no competition" with the defendant, he nevertheless referred to the question of territorial limitations of trade-mark rights. After discussing several decisions Judge Baker denounced the following (p. 519—our italics):

"These cases indicate to us that it is true in a sense that trade-marks are without territorial limitations; but not in the sense meant by the complainant. The sense we perceive is one that goes back to the foundational purpose of the trade-mark suit. Since it is the trade, and not the mark, that is to be protected, a *trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark.* But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

We have no occasion to deprecate the conclusion just stated; on the contrary, the same course of reasoning inevitably arrives at the result for which we contend.

Paraphrasing the text just quoted from Judge Baker's opinion: it is this complainant's trade, not its mark in gross, that is to be protected; complainant's trade-mark "Rex" acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where complainant's goods have become known and identified by the use of Rex. And this includes Louisville, where, before this it was brought, complainant had advertised and sold its Rex remedy, through four stores, to the Louisville public, the greater part of which, so far as the record shows, had no knowledge of defendant's significant trade. We make no suggestion that the mark, of itself, could travel to the Louisville market separately from complainant's trade. But we do urge upon the Court that when complainant's trade had once entered Louisville, and menacing competitive conditions had come into actual existence—all prior to the bringing of this suit—complainant's trade-mark was thereby placed in the situation expressly approved by Judge Baker—in which it "acknowledges no territorial boundaries \* \* \* but extends to every market where the trader's goods have become known and identified by his use of the mark."

That our understanding of Judge Baker's position is correct is demonstrated by his Honor's discussion of *Derringer v. Plate*, 29 Cal. 292 (see 208 Fed. Rep. 519).

Judge Baker quoted from the *Derringer* opinion:

239 "The manufacturer at Philadelphia who has adopted and uses a trade-mark has the same right of property in it at New York or San Francisco that he has at his place of manufacture."

Then Judge Baker said:

"Yes, if *Derringer* was selling his pistols in the San Francisco market or any market where *Plate* was trying to palm off his pistols as *Derringer's*; and we find nothing in the report to show that such was not the fact."

That is to say, if, as in the case here at bar, a defendant is in actual competition with the complainant under the same trade-mark, and threatens to palm off defendant's goods as complainant's, then the reasoning applicable to the *Tea Rose* case, is not appropriate.

Nothing in Judge Baker's discussion indicates an intention to decide anything more than that a trader cannot assert his rights in territory to which his trademark has never been transported by his actual trade. Any general statement in the opinion which may at first glance appear to have a further significance than that just stated must be interpreted in the light of the whole context, and the facts then before the Court; and when so interpreted, all will be found directed to the ultimate proposition just indicated.

The above analysis demonstrates, we submit, that Judge Baker's decision affords no precedent which could directly, or by analogy, support a reversal of the decree at bar. The lack of competition between the parties was the distinguishing characteristic of the *Tea Rose* case, upon which Judge Baker mainly rested his decision. The existence of active competition between the present parties, 240 unaccompanied by any suggestion, at any time, of an intention to evade that competition, supplies a controlling distinction.

*Saxlehner v. Eisner*, 179 U. S., 19:

This decision has two branches: first, it rejects the complainant's claim to the word "*Hunyadi*," because that word had become generic and descriptive of a whole class of medicinal waters; second, the decision follows the rule laid down by the Supreme Court in *McLean v. Fleming*<sup>1</sup> and *Menendez v. Holt*,<sup>2</sup> which is precisely the rule we seek to have applied in the case at bar.

The decision refers (179 U. S. at page 35) to the defense of laches founded upon the fact that the word "*Hunyadi*" had been used by various persons, in connection with other words, under licenses from the Hungarian government and without objection from the complainant's predecessor. The Court said (*Ibid.*):

"\* \* \* as against traders who were selling bitter waters under trade-marks legalized by the Hungarian Government, he [com-

<sup>1</sup>96 U. S. 245.

<sup>2</sup>128 U. S. 514.

[complainant] should not have waited until the name 'Hunyadi' had become generic in this country, and indicative of this whole class of medicinal waters."

In other words, when the trade-mark had been used notoriously under legalization by the Hungarian government, and that use, upon the part of various importers, had spread over the United States, the word "Hunyadi" had become public property and was not susceptible of being monopolized by any one. Hence there was no trade-mark right in the word. If there had ever been a right it had been wholly abandoned.

11 Thus the decision rested essentially upon a total lack of trade-mark property in the complainant, this being vitally distinguished from the circumstances at bar, in which this Court has explicitly found that Mrs. Regis acquired a perfect title to her trade-mark prior to any use by the defendant, which title has ever since endured.

The Saxlehner decision as to the word "Hunyadi" rests also upon a treaty between the United States and Austria-Hungary providing that "if the trade-mark has become public property in the country of origin it shall be equally free to all in the countries or territories the other of the two contracting parties" (179 U. S. 36). The word "Hunyadi," in connection with some other word, had been used in Hungary by numerous proprietors of springs, whereby the word became, and continued to be for twenty years, public property in Hungary. The decision says, "It is difficult to escape the conclusion that it also became so here. \* \* \* The right to individual appropriation once lost is gone forever."

But Mrs. Regis' successor still has a perfect legal title to the trade-mark "Rex"; the "right to individual appropriation" has not been in any degree lost.

The Saxlehner decision proceeded further with the assumption that the case could be decided without reference to the law or decisions in Hungary; and in this connection said (at page 36—our italics):

"Saxlehner *knew* as a matter of fact that the Minister of Agriculture had overruled his protest and that the word 'Hunyadi' had become *public property* in the Kingdom of Hungary. He *knew* that a large number of dealers would appropriate the word and that he was himself selling a large quantity of bitter water in the United States. He must also have known, or at least had good reason to know, that his competitors were doing the same thing. Under such circumstances he should have instituted inquiries on his own account, and, regardless of his contract with the Apollinaris Company, have seen to it that his own interests were protected."

In short, as to the word "Hunyadi," the decision rests upon the deliberate neglect of Saxlehner and his successor to act upon *their knowledge* of the generic character which the word had acquired in Hungary, and which would inevitably exist also in the United States, resulting in the complete abandonment of every claim of trade-mark right in the word. This is vastly different—especially as



involving the notorious use by many of the word "Hunyadi"—from the situation at bar in which only a single concern in Louisville employed the word "Rex," while Mrs. Regis and her successors, in entire ignorance thereof, have all along maintained a perfect title to their trade-mark and have not been guilty of any act or omission which could possibly indicate an abandonment.

In the second branch of the Saxlehner case the Court vigorously protected the characteristic labels which had been used by the complainant Saxlehner. Fraud upon the part of the defendant was found to excuse, at least in part, the failure by Saxlehner to vindicate his rights throughout about ten years. But, as illustrating the general principle, the Court reiterated its approval of the rule  
243 laid down in *McLean v. Fleming* and *Menendez v. Holt* (post), which rule, we submit, should control the decision in the present case.<sup>1</sup>

Thus, we submit, an analysis of the Saxlehner case discloses no authority whatever for refusing to vindicate the perfect legal title which Mrs. Regis created in 1877, and which she and her successors have ever since asserted and maintained in every market they could reach.

Kahn v. Gaines, 155 Fed. Rep. 639;

Same on Appeal (C. C. A. 8), 161 Fed. Rep. 495:

As suggested in this Court's opinion we have carefully considered this "Old Crow" case both in the text of the decision and also the discussion thereof in this Court's opinion of July 20, 1915, in *Gaines v. Rock Spring Co.*

The gist of the "Old Crow" decision is that the defendant had used the mark for several years prior to its adoption by the complainant, and thereby established a defensive position from which the Court would not oust the defendant.

Judge Phillips, for the Court of Appeals for the Eighth Circuit, states in his opinion (at page 501—our italics):

"It is sufficient to protect them [the defendants] from the charge of an unlawful invasion of the complainant's claimed monopoly that they used in connection with their business as whiskey dealers the trade name in question *prior to any appropriation thereof by the complainant*, and that they have so continued to use it."

244 So far as the present discussion is concerned it is immaterial whether that prior use employed "Old Crow" in a descriptive or generic sense, or as a true trade-mark. The fact remains that there was a prior adoption and use which established a satisfactory defense upon the general ground that a prior equity should prevail; and there is nothing whatever in this "Old Crow" opinion to warrant the inference that the decision would have been the same if the defendant had begun to use the name in question subsequently to its adoption by the complainant. Obviously, the "Old Crow"

<sup>1</sup>In another "Hunyadi" case the Supreme Court enjoined a defendant who had acted in perfect good faith. *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42. Vide post, p. 48.



facts are not comparable with those at bar, in which Mrs. Regis was admittedly the first to adopt and use; she acquired a perfected legal title to the trade-mark and must therefore be held to have both the prior title and the prior equity.

That we have correctly interpreted the opinion in the "Old Crow" case appears beyond dispute from the closing statement in that opinion wherein the Court says (at page 502; our italics):

"After a careful consideration of the mass of relevant and irrelevant facts in this record our conclusion is: (1) That inasmuch as the defendants' predecessors in business, prior to the use or the adoption of the designative word 'Crow' or the words 'Old Crow' as a trade-mark, employed those words as descriptive terms in connection with their business as dealers in whisky in St. Louis, Mo., and said predecessors and defendants so continued to use the same, to a limited extent, up to the time of the institution of this suit, in good faith, they are not guilty of infringing the complainant's claimed trade-mark; and (2) that the defendants are not guilty of  
245 having engaged in unfair competition with the complainant in the prosecution of their business."

Thus, clearly, the actual priority of adoption by the defendant is made the controlling circumstance.

We feel that this decision has been construed entirely correctly in the opinion of this Court in *Gaines v. Rock Spring Co.*, decided July 20, 1915. In that opinion it is found that the earlier case had established a defensive right prior to the complainant's adoption and that the adjudication was of a prior defensive right and nothing more. We cannot perceive the applicability of such a doctrine to the fact that defendant's predecessor Rectanus had no such prior equity, and was anticipated by the perfection of Mrs. Regis' legal title and equity in her trade-mark.

We believe that we have demonstrated above that none of the cases cited in this Court's opinion constitutes authority, either directly or by analogy, for the proposition that an innocent owner, having perfected a trade-mark right and then endeavored diligently to expand the business under that mark as speedily and extensively as limited resources would permit, should be denied relief against a defendant who adopted and used its mark in ignorance of the complainant's doings, and therefore without any encouragement or inducement from the complainant's silence.

It is clear, moreover, that of all the cases cited in this Court's opinion, only one—i. e., the *Baltimore Club Whisky* case—can possibly be said to treat of a question of estoppel. But in that case there was complainant's acquiescence for twenty-five years with full  
246 knowledge of all the facts; and there was, further, the defendant's reliance, with equally full knowledge upon the complainant's silence, and an accompanying great increase in the value of the defendant's investment and business. Such circumstances may be held properly to create an estoppel; but there are no corresponding circumstances in the situation here at bar. On the contrary, Mrs. Regis, was wholly ignorant of, and, therefore, could not knowingly acquiesce in, the defendant's adverse use; and

Mr. Rectanus was ignorant of Mrs. Regis' existence, and therefore could not have relied upon her silence or been induced, by that silence, to change his condition.

It is true of each of the cases involving "Antiphlogistine" and "Hunyadi" that the respective complainants had absolutely no trade-mark rights of any character upon which to found their suits. In the Antiphlogistine case the complainant had never acquired a technical trade-mark right; in the Hunyadi case the right had been abandoned and had become public property. As distinguished from such conditions as these, this Court, in the case at bar, has explicitly found that Mrs. Regis and her successors created, and have always maintained, a perfect substantive trade-mark right.

In the "Tea Rose" flour case the complainant, although exploiting other trade-marks in defendant's territory, and thereby demonstrating its ability to extend at will its trade under the "Tea Rose" mark, nevertheless deliberately withheld the latter mark from the defendant's market. Perhaps such affirmative acts and obvious intention, if they had been relied upon by the defendant, might have been held to create an estoppel. Even so, that would not authorize

the finding of an estoppel against Mrs. Regis and her suc-  
 247 sor, because there is no evidence whatever that she ever attempted or intended to restrict in any degree the territorial extent of her trade-mark use. But in fact the "Tea Rose" flour case was not decided upon any question of estoppel; it was decided solely upon the lack of competition between the parties and the consequent lack of any wrong, against the complainant, to be redressed. But in the case here at bar there was energetic competition many months before the suit was brought, and serious damage and threatened damage not only to the complainant, but also to the general public.

In the "Old Crow" case the defendant had established priority of adoption and use of the words—a prior equity against which, of course, the complainant's subsequently acquired rights, if any, could not prevail. But in the present case this Court has expressly stated that Mrs. Regis acquired a perfect trade-mark right several years before the defendant adopted the mark; in other words, Mrs. Regis was prior not only in legal title, but also in equity.

There is no escape, we submit, from the conclusion that not one of the cases just discussed, nor any combination of them, provides authority for the finding, upon the facts of the present litigation, of any estoppel whatever against the complainant, or any delay or acquiescence or failure of title which would justify the denial of injunctive relief. We must turn to the Supreme Court decisions in *McLean v. Fleming* and *Menendez v. Holt* (post) to ascertain the reasoning and rules which alone apply to the facts at bar. But first we submit a brief discussion of the general rules of estoppel to show that none of the facts essential to the creation of an estoppel are to be found in the present record.

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### *Estoppel in General.*

An estoppel can be created only in one of three ways: by record, by deed, or by facts in pais. Obviously, there can be no estoppel by

record or by deed in the present case; and therefore, if any at all is to be found, it must rest upon facts in pais.

But, according to the accepted definition, "facts in pais" which may create an estoppel must be either (1) facts fixed by or in virtue of contract, or (2) "acts or conduct which have induced a change of position in accordance with the real or apparent intention of the party against whom the estoppel is alleged" (Bigelow on Estoppel, 5th ed., p. 453—our italics). Obviously, in the present case there can be no estoppel arising directly or indirectly out of contract, so that we must investigate the conduct of Mrs. Regis and her successors to ascertain whether any estoppel exists.

The usual case of estoppel by conduct arises from some sort of misrepresentation conveying "a false impression of some fact or set of facts, created upon the mind of one person by another, by language, or by language and conduct together, or by conduct alone equivalent to language, where there appears to be no intention to warrant the same" (Ibid. p. 556). But in these cases it is essential that there should have been some communication between the parties upon which the party alleging the estoppel must have relied to his detriment. The party alleged to have been injured must have relied upon the communication and must have suffered "a change of position" by reason of that reliance. As Professor Bigelow says, this species of estoppel does not include "impressions created in regard to facts by mere negligence, when there has been no communication by the negligent person to the one receiving the impression" (Ibid. p. 556).

Since Mr. Rectanus was wholly ignorant of any claim or any doings of Mrs. Regis or her successors—since he proceeded precisely as he would have done if Mrs. Regis' business had never existed—it cannot be said that he relied upon Mrs. Regis' silence or suffered any change of condition because of her silence. There was no communication, expressed or implied, between the two.

"If the misrepresentation (expressed or implied) was of a trifling or immaterial nature, or if the party alleging it *did not in fact trust in it or was not misled by it*, or if it was vague or inconclusive in its nature, or if it was upon a matter of opinion or fact equally open to the knowledge of both parties, in regard to which *neither could be presumed to trust the other*; in these and the like cases equity will not grant relief" (Ibid. p. 557—our italics).

It is clear that Mr. Rectanus "did not in fact trust in" Mrs. Regis' refraining from attacking his use of the mark; he was not actually misled by her silence. One cannot possibly "trust in" or be misled by facts of which he is wholly ignorant. Furthermore, the matter of fact as to the concurrent adverse uses was "equally open to the knowledge of both parties" and, in regard thereto, neither party could be presumed to trust or place dependence upon the other. Therefore it is unquestionable that there cannot be found in this case any estoppel which could rest upon a supposed actual or implied misrepresentation.

Furthermore, it is essential to this species of estoppel that the false representation or concealment must have been made with

250 knowledge of the facts; the person alleging the estoppel must have been actually and permissibly ignorant of the truth; the person estopped must have intended that the other party should act upon the representation or concealment; and the other party must have been induced to act upon it (*Ibid.*, p. 570). The circumstances at bar cannot possibly answer to these requirements.

Turning now to "estoppel by negligence" (the only species of estoppel which could conceivably exist in this case), we find that to create such an estoppel—

"(1) There must have been a failure to exercise that care, prudence, or diligence which a man of average care, prudence, or diligence would exercise in the case. (2) And that general proposition means specifically, (*a*) that the negligent person must at the time *owe some duty* either to the person affected by the alleged negligence, or to the public of which he is one; and (*b*) that the result, at least in the law of estoppel, has come about *in or in immediate connection with the negligent act or omission*" (*Ibid.*, p. 655).

Thus, to bring Mrs. Regis' conduct within these rules, it must be shown that, because she was unable to expand her business as rapidly as she would have done if her resources had permitted, she failed to exercise the care, prudence, or diligence which a man of average care, prudence, or diligence would exercise under the circumstances. But the contrary is true; Mrs. Regis was persistently diligent and coupled her intention to expand her business with actual effort, which was so far successful as to extend her trade from the state of her resi-  
251 dence throughout the New England states and eventually into New York, New Jersey, Virginia, Canada, and Nova Scotia. Considering Mrs. Regis' circumstances and her ignorance of Mr. Rectanus' use of the mark, what further care, prudence, or diligence could she have exercised?

Further, if Mrs. Regis is to be held estopped, it must be shown that, at the time Rectanus pursued his business, she owed some duty to him or to the public of which he was one. But she was ignorant of Rectanus' existence; he had started his use of the mark voluntarily and at his own risk of outstanding prior rights. As to the general public, Mrs. Regis had pushed her business as rapidly as she could and by her use of the mark had given notice of her claim to all of the public which she could possibly reach. There is no more reason for charging Mrs. Regis with dereliction in failing to seek out Rectanus' obscure business and assert her rights against him, than there is for charging Rectanus with dereliction in adopting the mark without making any effort whatever to ascertain the existence of any prior right.

And, further, if Mrs. Regis is to be held estopped, it must be shown that Rectanus' continued use of the mark resulted directly from Mrs. Regis' alleged negligence; that is to say, that the alleged negligence must have been the proximate cause of Rectanus' situation. But when Rectanus pursued his own voluntary course without any encouragement or inducement whatever from Mrs. Regis—when he stood, prior to this suit, in precisely the position in which he would have stood had Mrs. Regis' business never existed—it cannot possibly be said that Mrs. Regis' failure to invade the Ken-

252 tucky territory was the proximate cause, or any contributing cause, of Rectanus' adoption or continued use of the mark.

There are authoritative decisions without number declining to find an estoppel where the acts or omissions complained of were not the proximate cause of the situation sought to be protected by the estoppel. Some of these are discussed in Bigelow (p. 656 et seq.), and the proposition seems so clear we believe that when recalled to the minds of the Court it will be accepted without further discussion.

Even if Mrs. Regis' conduct be considered, for argument, as working a species of waiver—even then it cannot possibly raise an estoppel because, as already pointed out, Rectanus cannot be said to have relied upon her silence as to matters of which he had no knowledge whatever (*Ibid.* p. 660 and notes).

It all comes down to this: Rectanus followed a wholly voluntary course, neither encouraged nor restrained by anything which Mrs. Regis or her successors did or omitted to do. We can find no authority whatever which would justify asserting an estoppel upon such facts.

We have demonstrated, we submit, that there cannot be a finding of estoppel against Mrs. Regis or her successors. We shall next discuss several decisions by the Supreme Court and other authorities which very definitely establish the rule that mere delay and acquiescence, falling short of creating actual estoppel, shall not disentitle a complainant to an injunction—although the delay, acquiescence, or laches may have been of such serious and deliberate character as to require the refusal of an accounting.

### 253 *The Authorities Relied Upon by Appeller-Complainant.*

*McLean v. Fleming*, 96 U. S. 245:

In this case the defendant, for at least twenty years, had been using labels and trade-marks similar to those of complainant's predecessors, who, during all or most of that time, knew of defendant's use. It did not appear that the complainant had ever made any material objection to the defendant's use (96 U. S., at page 257).

But in spite of these facts showing deliberate acquiescence for at least twenty years, and with full knowledge, the Court said, through Mr. Justice Clifford (at page 253):

"Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits" (cases cited).

Further, the Court said (at page 257):

"Cases frequently arise where a court of equity will refuse the prayer of the complainant for an account of gains and profits, on the ground of delay in asserting his rights even when the facts proved render it proper to grant an injunction to prevent future infringement" (cases cited).

Finally, the Court said (at page 258—our italics):

"*Acquiescence of long standing* is proved in this case, and *inexcusable laches* in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a  
254 decree for gains or profits; but *infringement having been proven, showing that the injunction was properly ordered*, he is entitled to the costs in the Circuit Court; but the decree for an account and for the supposed gains and profits being erroneous, the respondent, as appellant, is entitled to costs in this court (Browne, Trade-Marks, sec. 497)."

If in that case, in spite of the proven "acquiescence of long standing" and "inexcusable laches in seeking redress"—all in the face of full knowledge—the Court nevertheless secured to the complainant an injunction against further use by the defendant—how much more is it incumbent upon this Court to sustain the injunction in favor of a complainant who, with its predecessors, has been absolutely innocent of any conscious acquiescence or laches.

Mendez v. Holt, 128 U. S. 514:

The decision in this case, by Mr. Chief Justice Fuller, reiterates the doctrine of McLean v. Fleming, and establishes once and for all the rule which should control in the case here at bar. The Court was desired to reconsider McLean v. Fleming, "so far as it was therein stated that even though a complainant were guilty of such delay in seeking relief upon infringement as to preclude him from obtaining an account of gains and profits, yet, if he were otherwise so entitled, an injunction against future infringement might properly be awarded" (128 U. S., at page 523); but the Court said (Ibid.):

"We see no reason to modify this general proposition, and we do not find in the facts as disclosed by the record before us  
255 anything to justify us in treating this case as an exception."

Continuing, the Court said (Ibid.):

"The intentional use of another's trade-mark is a fraud, and when the excuse is that the owner permitted such use, that excuse is disposed of by affirmative action to put a stop to it. Persistence then in the use is not innocent; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked."

Thus, although the use of the mark under the owner's assumed permission might be said to be innocent up to the time of affirmative action against such use, that action terminates the innocent character of the defendant's acts, which thereafter become an intentional fraud.

Next the Court said (Ibid.):

"Mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances as to defeat the right itself. Hence, upon an application to stay waste, relief will not be refused on the ground that, as the defendant had been allowed to cut down half of the trees upon the complainant's land, he had acquired, by that negligence, the right to cut down the remainder, Attorney

General v. Eastlake, 11 Hare, 205; nor will the issue of an injunction against the infringement of a trade-mark be denied on the ground that mere procrastination in seeking redress for depredations had deprived the true proprietor of his legal right (case cited). Acquiescence to avail must be such as to create a new right in the defendant (case cited)."

But clearly Mrs. Regis' alleged delay or acquiescence did not continue "under such circumstances as to defeat the right itself." This Court has found that Mrs. Regis' right was perfected and has continued perfect in this complainant. There had been no such defeat of the right as occurred in the Hunyadi case (*supra*) where the mark was permitted to become public property and the proprietorship permanently lost.

Next the Court said (at page 524—our italics):

"Where consent by the owner to the use of his trade-mark by another is to be inferred from his knowledge and silence merely, *'it lasts no longer than the silence from which it springs; it is, in reality, no more than a revocable license.'* Duer, J., *Amoskeag Mfg. Co. v. Spear*, 2 Sandford (N. Y.) 599" (other cases cited).

"So far as the act complained of is completed, acquiescence may defeat the remedy on the principle applicable *when action is taken on the strength of encouragement to do it*, but so far as the act is in progress and lies in the future, the right to the intervention of equity is not generally lost by previous delay, in respect to which *the elements of an estoppel could rarely arise*. At the same time, as it is in the exercise of discretionary jurisdiction that the doctrine of reasonable diligence is applied, and those who seek equity must do it, a court might hesitate as to the *measure of relief*, where the use, by others for a long period, *under assumed permission of the owner, had largely enhanced the reputation of a particular brand*.

"But there is nothing here in the nature of an *estoppel*, nothing which renders it inequitable to arrest at this stage any further invasion of complainant's rights. There is no pretence of *abandonment*. That would require proof of non-user by the owner or general surrender of the use to the public. The evidence is positive that Holt & Co. continuously used the trade-mark, always asserted their exclusive right to it, and never admitted that of any other firm or person, and, in the instance of every party, including Ryder, who used this brand on flour not of Holt & Co.'s selection, that use, *when it came to their knowledge*, was objected to by the latter, and personal notice given, while publication was also made in the newspapers, circulating where the flour was usually marketed, containing a statement of Holt & Co.'s rights and warning against imitations. *It is idle to talk of acquiescence in view of these facts. Delay in bringing suit there was, and such delay as to preclude recovery of damages for prior infringement, but there was neither conduct nor negligence which could be held to destroy the right to prevention of further injury.*"

Certainly this reasoning should apply in favor of a complainant whose predecessors pushed their business diligently and were guilty



of no conscious negligence, delay, or acquiescence whatever. As stated in Mr. Chief Justice Fuller's opinion, persistence in infringement after affirmative action to put a stop to it is no longer innocent, and the defendant here should unquestionably be enjoined.

- 258     Saxlehner v. Eisner, 179 U. S. 19, 39;  
            Saxlehner v. Siegel-Cooper Co., 179 U. S. 42:

In each of these cases the complainant, by gross laches, had permitted the trade-mark "Hunyadi" to become a generic, descriptive name, to become public property. Therefore, because complainant had utterly lost his substantive trade-mark rights he was not entitled to an injunction.

But these decisions also considered unfair competition by the copying of complainant's labels, and enjoined the same in spite of complainant's laches. In discussing this branch of the Eisner case (179 U. S., at 39) the Supreme Court (Mr. Justice Brown) again fully approved the rules laid down in *McLean v. Fleming* and *Menendez v. Holt* (*supra*). True, in the Eisner decision the fraud of the defendant may have had some weight, but in the Siegel-Cooper case (179 U. S. 42) there was no evidence of fraudulent conduct upon the part of the Siegel-Cooper Company, and for that reason the lower Court had dismissed the bill as to that defendant. But the Supreme Court said:

"The fact that the Siegel-Cooper Company acted innocently does not exonerate it from the charge of infringement" (179 U. S. 43).

Therefore an injunction was ordered against that company although it was spared an accounting. Here, then, the Supreme Court has enjoined a defendant (who had acted in perfect good faith) at the suit of a complainant who had been guilty of at least twenty years of laches—and this on the authority of *McLean v. Fleming* and *Menendez v. Holt*.

How much more, we submit, should this Court now enjoin the defendant-appellant (in spite of its predecessor's good faith)  
 259     at the suit of a wholly innocent complainant, which asserted its rights with immediate diligence as soon as it learned of the defendant's infringing acts.

The rules laid down in *McLean v. Fleming*, *Menendez v. Holt*, and the "Hunyadi" cases, just discussed, were followed in the case here at bar by his Honor Judge Evans (Record, p. 54), in vindicating complainant's priority of both right and equity. We submit that those rules, so fully explained and so often reiterated by the Supreme Court, must control in the circumstances at bar.

In thus applying the rule of *McLean v. Fleming* and *Menendez v. Holt* to the present case, wherein both parties had acted in good faith, his Honor Judge Evans was anticipated by a decision in 1882 by Judge John Lowell of Massachusetts in the case next discussed.

*Merriam v. Smith*, 11 Fed. Rep. 588:

This was a patent case, but is none the less pertinent, as will appear from the opinion. Ordinarily, a decision in a patent case might proceed upon the theory that the issuance of a patent was construc-



give notice to the world, and that any defendant acting in infringement of the patent did so with presumed knowledge and at his own risk. But in this case Judge Lowell said (at page 588) that the defendant was unaware of the existence of the patent in suit, and the patentees were equally ignorant of the infringing machine. Thus the decision disregarded the matter of constructive notice, and assumed that there was none in fact. After citing *McLean v. Fleming* (at page 589) Judge Lowell then referred to the case before him, as follows (p. 590—our italics):

"This case differs from all those which I have seen in this, that there was no acquiescence on the one side nor conscious infringement on the other, as I have already shown. It cannot be said, therefore, that there was the slightest moral delinquency on either side, *or an actual estoppel*. The simple inquiry is, which party must suffer for the delay?

Thereupon Judge Lowell, after discussing the facts, decided that the delinquent complainants could not recover in equity profits for past infringement, but should be left to their action for damages. Nevertheless the Court said (p. 591—our italics):

*"It does not follow that an injunction should not be granted; that given, of right, when a legal title is to be vindicated, and there is no estoppel, (Fullwood v. Fullwood, L. R. 9 Ch. Div. 176;) nor that there should not be an account from the time of notice to the defendants of the plaintiff's claim. Edelsten v. Edelsten, 1 De G., J. & J. 185.*

"Decree for an injunction, and an account from the date of the bill, or of an earlier notice to the defendants of the plaintiff's title."

Thus, upon the authority *McLean v. Fleming*, Judge Lowell refused damages to the complainant, but nevertheless granted an injunction in spite of the innocence of both parties. Clearly, as Judge Lowell said, both parties being innocent, there was not the slightest moral delinquency on either side nor any actual estoppel. This is clearly the proper application of the doctrine of *McLean v. Fleming* to circumstances such as those here at bar.

This decision by Judge Lowell in *Merriam v. Smith* was cited with approval in the following:

*New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, 18 Fed. Rep. 638, 646:

Judge Shipman, in the Northern District of New York, wrote the opinion, and said (at page 646—our italics):

"Again, it is said that an injunction should not issue because, during the period of Jebbs' ownership of the patents, they saw in silence that the American Company was prosecuting its manufacture and was making improvements upon its property. I am not disposed to deny that cases may arise where a court of equity would refuse an injunction against an innocent infringer by reason of the retracted course of conduct of a previous owner of the patent who *new of the infringement*, and silently and *knowingly* permitted the expenditure of substantial sums of money by the infringer. This case is not one of that class. The Jebbs owned from December,

1889, to October, 1881, and the proof is that during this time the American Company was engaged in the manufacture, 'and in making improvements to its works for such manufacture, *to the knowledge of the Jebbs, who were silent. Mere delay in seeking relief, when there is no estoppel, will not in general, prevent an injunction* though it may preclude the plaintiff from the right to an account for past profits. *McLean v. Fleming*, 96 U. S. 245; *Merriam v. Smith*, 11 Fed. Rep. 588. Neither do the facts which the defendant has proved to have existed during the Jebbs' ownership create such an estoppel as to prevent an injunction, although they may be important in regard to an accounting. It is not enough simply to prove that during these 10 months the infringer was 'making improvements to its works,' without stating the character of the improvements or the extent of the expenditure. The proof is consistent with a very moderate expenditure of money. The very extensive business of the two defendant corporations and their large works *had grown up before the purchase of the patents by the Jebbs*, the capital which was embarked in the business *was invested before 1880*, and the silence of the Jebbs *after 1880* did not, in my opinion, beguile the American Company into a continuation of the business or into renewed or a large expenditure."

The case involved guilty knowledge on the part of the complainant, coupled with acquiescence; but this acquiescence had been preceded by practically the maximum growth of the defendant's business; and the silence of complainant's predecessors was found not to be the proximate cause of a continuation of defendant's business or of renewed or a large expenditure; from this it followed inevitably that there could be no estoppel.

This general question of laches and estoppel is well discussed in the Sawyer Spindle Company decisions by his Honor Judge Dallas of New Jersey in the trial Court, and by his Honor Judge Wales for the Court of Appeals for the Third Circuit.

- 263     Sawyer Spindle Co. v. Taylor, 56 Fed. Rep. 110;  
            Sawyer Spindle Co. v. Taylor, 69 Fed. Rep. 837;  
            Taylor v. Sawyer Spindle Co., 75 Fed. Rep. 301:

On motion for preliminary injunction Judge Dallas (56 Fed. Rep. 111), in deciding against the defendants' charge of laches said:

"They [complainants] proceeded against these defendants with what, under the circumstances, was due diligence and have done nothing to justify the imputation that supineness or apparent acquiescence upon their part induced or invited the infringement of which they now complain."

A preliminary injunction was granted.

The precise facts of this case do not appear from the opinions by Judge Dallas, but will be presently referred to in discussing the opinion on appeal. In the meantime, however, we invite attention to a very careful discussion of pertinent doctrines by Judge Dallas. He said (69 Fed. Rep., p. 838—our italics):

"I do not feel called upon to vindicate the action of the court in

granting the preliminary injunction, but may abridge discussion by saying that, if the delay then set up to defeat the motion had not been satisfactorily explained, that motion might have been, upon that ground, refused; but, upon final hearing, *laches*, in the sense of mere delay in bringing suit against the defendants, cannot deprive the plaintiffs of their right to protection against a continuance of the unlawful use of their patented invention, and consequent injury to their business. *It is only by words, acts, or omissions which give rise to estoppel* that this right if and when established by the proofs can be forfeited. This distinction is clear and well recognized, and cannot be obliterated by a vague use of the word '*laches*.' As I have said, mere delay in bringing suit may, under some circumstances, impel the court to withhold its hand during the course of litigation; and as was remarked in *New York Grape-Sugar Co. vs. Buffalo Grape-Sugar Co.*, *infra*, even on final hearing, 'cases may arise where a court of equity would refuse an injunction against an innocent infringer, by reason of the protracted course of conduct of a previous owner of the patent, who *knew* of the infringement, and silently and *knowingly* permitted the expenditure of substantial sums of money by the infringer.' To such cases the doctrine of *estoppel* may be pertinent, but the present case is not such an one. I have attentively read the very thorough brief of the learned counsel of the defendants, but without finding any fact referred to other than that, as claimed, the plaintiffs *long knew* of the violation of their rights before proceeding to maintain them; and I am constrained to the conclusion, that his contention is met by the rule, as I have already indicated it, that *mere delay* in seeking relief will not, where there is no *estoppel*, prevent the granting of a final injunction. *New York Grape-Sugar Co. v. Buffalo Grape-Sugar Co.*, 18 Fed. 638; *Brush Electric Co. v. Electric Imp. Co.*, 45 Fed. 241; *Price v. Steel Co.*, 46 Fed. 107; *McLean v. Fleming*, 96 U. S. 245-253."

This reasoning applies aptly to the circumstances here at bar. Mrs. Regis and her successors cannot be held guilty of anything but mere delay (and innocent delay at that) in bringing suit against the defendant, and, as stated by Judge Dallas, this "cannot deprive the complainant of its right to protection against a continuation of the unlawful use." Mrs. Regis and her successors were never guilty of any of the "words, acts, or omissions" which alone give rise to *estoppel*.

The Court of Appeals of the Third Circuit discussed the matter even more fully than did Judge Dallas. In that opinion it appears that the defendant had no notice of the complainants' claims until more than ten years after the date of the patent in suit (76 Fed. Rep. p. 302). The opinion says (*Ibid.*) .

"It is alleged that the complainants permitted the manufacture and sale of the spindles complained of to be carried on for many years by men who were ignorant of their claim, and allowed the persons composing the defendant corporation to purchase the business without giving them notice;"

and that others besides the defendant had continuously and to a large extent manufactured the spindles complained of. Under these circumstances the defendant argued that no injunction should issue. But the Court followed *McLean v. Flewing*, *Menendez v. Holt*, and other cases cited (at page 304), and summed up its conclusions in the following words (p. 304):

“There is no proof of non-user or abandonment by the complainants, nor of any act or omission of theirs which could have induced the defendant to believe that it would not be held liable for manufacturing and selling the infringing articles. *The evidence falls far short of proving an estoppel or of proving such delay or acquiescence on the part of complainants as should defeat the present suit.*”

In like manner there is no evidence in the present record of non-user or abandonment of Mrs. Regis' trade-mark; and since the defendant remained ignorant of her doings until just before this suit was brought, it is impossible that any act or omission of Mrs. Regis induced the defendant to make any change in its condition. Therefore, if the evidence in the Sawyer Spindle Company case, showing long acquiescence with knowledge, “falls far short of proving an estoppel, or of proving such delay or acquiescence on the part of complainants as to defeat” that suit—then even more clearly does the evidence here at bar fail to prove any estoppel or delay or acquiescence, against Mrs. Regis and her successors.

To the same general effect is a decision by the Circuit Court of Appeals for the Eighth Circuit (Opinion by Judge Sanborn) next discussed.

*Ide v. Trorlicht*, 115 Fed. 137, 148:

There the patent in suit issued on February 18, 1889; the defendants were not notified of infringement until May, 1894; suit was not brought until 1899, ten years after the date of the patent. On these facts the Court said (at page 148—our italics):

“There are no unusual circumstances or conditions in this case which appeal to a court of equity to stay this suit while a similar suit is not barred by the statutes of Illinois. Unreasonable delay and the *deceitful acts or silence of a patentee which induce an infringer to incur expenses or to become liable to losses and damages which he would not otherwise have suffered* may sometimes justly induce a court of equity to stay his suit for an infringement or for an accounting before the time fixed by the analogous statute of limitations has expired. But delay, *unaccompanied by such deceitful acts or silence of the patentee*, and by such facts and circumstances as practically amount to an equitable estoppel will warrant no such action. It is no answer to an application for an injunction to restrain a defendant from committing waste by cutting trees upon the owner's land that, because the latter has taken no steps to prevent the wrongdoer from cutting one half of the tree he has thereby acquired a right to cut the other half. *Attorney General v. Eastlake*, 11 Hare, 205, 228. And it is no defense to a suit for an injunction and an accounting on account of the continu-

trespasses of an infringer that the latter has been trespassing on the rights of the patentee for years with impunity. *Menendez v. Holt*, 128 U. S. 514, 523, 9 Sup. Ct. 143, 32 L. Ed. 526; *McLean v. Fleming*, 96 U. S. 245, 253, 24 L. Ed. 828; *Price v. Steel Co.* (C. C.) 46 Fed. 107, 108; *New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, (C. C.) 18 Fed. 638, 646; *Gilmore v. Anderson*, 38 Fed. 843, 848; *Brush Electric Co. v. Electric Imp. Co.* (C. C.) 45 Fed. 241, 243; *Taylor v. Spindle Co.*, 22 C. C. A. 203, 206, 75 Fed. 301, 304; *Bragg Mfg. Co. v. City of Hartford* (C. C.) 56 Fed. 292, 294."

The Court of Appeals of the Seventh Circuit has also followed *McLean v. Fleming* and *Menendez v. Holt* in—

268 *Fahrney v. Ruminer*, 153 Fed. Rep. 735:

Judge Grosscup wrote the opinion, and found the facts to be that the defendant, from 1890 until 1895, had been an agent for the sale of the complainant's medicines; but in the latter year had begun the infringement complained of. The complainant remonstrated in 1896, but the defendant disregarded the threat. Thereafter nothing was done until 1901, when the bill was filed.

This is an instance of guilty knowledge coupled with negligence upon the part of the complainant, but nevertheless Judge Grosscup's opinion contained the following (p. 737—our italics):

"*McLean v. Fleming*, 96 U. S. 245, 24 L. Ed. 828, was a case to restrain the infringement of a trade-mark upon a certain medicine in which it was held that *acquiescence of long standing, and inexcusable laches in seeking redress*, was no defense against that part of the prayer of the bill that sought to restrain an infringement in the future. And this ruling was expressly reaffirmed in *Menendez v. Holt*, 128 U. S. 514, 9 Sup. Ct. 143, 32 L. Ed. 526. Whether the delay shown here is a defense against the recovery of any damages for the past is a question that we are not now called upon to decide; for the decree appealed from dismissed the whole bill for want of equity, including the prayer for injunctive relief."

Thus following *McLean v. Fleming* and *Menendez v. Holt*, the Court of Appeals of the Seventh Circuit ordered an injunction, in spite of the guilty knowledge and deliberate negligence upon the part of the complainant.

269 And this clearly demonstrates the correctness of our interpretation of that other decision by the Circuit Court of Appeals for the Seventh Circuit in the Tea Rose flour case. There the deliberate territorial restriction of complainant's business, and the entire lack of competition between the parties, furnished special circumstances which took the case out from the rule of *McLean v. Fleming*—such special circumstances as cannot be found in the case here at bar.

The Circuit Court of Appeals of the Eighth Circuit, in an opinion by Judge Sanborn, has further approved the Sawyer Spindle Company case (*supra*), *McLean v. Fleming*, *Menendez v. Holt*, and others which we have cited, see:

Layton Pure Food Co. v. Church & Dwight Co., 182 Fed. Rep. 35, 39:

Here the defendant began, in 1894, to use as a trade mark the picture of a cow. The complainant, who had used a similar trade-mark since many years earlier, first learned of the defendant's use in 1898, about four years after defendant's adoption, and thereupon warned the defendant. The complainant had used its mark upon baking soda, while the defendant had employed the mark only on baking powder. When warned by complainant, defendant declined to discontinue the use of the mark on the ground that the complainant had never used it on baking powder, which, as the Court stated (at page 40), was "a claim not at that time clearly baseless." But although the defendant had taken this definite stand in 1898, the complainant deliberately refrained from bringing suit until 1907, about nine years later, i. e., thirteen years after  
270 the defendant, in good faith, had begun to use its mark. The opinion says (p. 39—our italics):

"Has the complainant been guilty of such delay and acquiescence in the defendant's use of the picture of the cow that it may not appeal successfully to a court of equity for relief? Laches is of the nature of estoppel. Its application is conditioned, not by the lapse of time alone, but largely *by such a change of defendant's position induced by a complainant's delay and acquiescence in a disregard of his rights* as makes it inequitable to enforce them. It is without application or effect in a suit for infringement *until the complainant has received knowledge or such notice as pursued with reasonable diligence would have led to knowledge of the infringement.* *Sawyer v. Kellogg* (C. C.) 9 Fed. 601, 602; *Pence v. Langdon*, 99 U. S. 578, 581, 25 L. Ed. 420; *Kilbourn v. Sunderland*, 130 U. S. 505, 518, 9 Sup. Ct. 594, 32 L. Ed. 1005."

And further (p. 40—our italics):

"The complainant's delay to commence suit for more than eight years *after its knowledge* of the infringement, the frank claim of the predecessor of the defendant in 1898, a claim not at that time clearly baseless, that they had the right to use the picture of the cow on baking powder that the complainant had on baking soda, the continued use of the picture by that partnership after they received notice in 1900 of the Russ decision, the subsequent succession of the defendant corporation in 1901, the latter's continuous  
271 use of this picture and its sales of millions of packages of baking powder under it between that time and the filing of the bill in this suit in 1907, without farther objection or any attempt by the complainant to enforce its rights, constitute circumstances so extraordinary, show such an acquiescence by the complainant in the defendant's use of the trade-mark *as was well calculated to lull it into security and render it inequitable to require of the defendant now an accounting for its sale prior to the date of the filing of the bill.*"

But in spite of these extraordinary circumstances the Court, although denying an accounting, found no excuse for refusing an in-

junction. Further pertinent remarks by the Court are quoted in the footnote<sup>1</sup> (182 Fed. Rep. 41).

272 Summarizing the adjudications referred to above, we find that *McLean v. Fleming* and *Menendez v. Holt* have been approved and followed unequivocally, first by Judge John Lowell in Massachusetts; then by Judge Shipman in New York; by Judge Dallas of New Jersey; by the Courts of Appeals of the Third Circuit and the Seventh Circuit, and in two cases by the Court of Appeals of the Eighth Circuit. And in nearly every case the complainant, whose rights were preserved by the rule, was in a far less favorable position, and was open to more serious charges of negligence and acquiescence, than are Mrs. Regis and her successors.

And, furthermore, the text-books uniformly sustain the contention that Mrs. Regis' successors are clearly entitled to an injunction. See:

Sebastian (5th ed.—p. 224).

Brown (2d ed.—sect. 685, p. 663).

Paul on Trade Marks (par. 169).<sup>2</sup>

<sup>1</sup>The decree for the injunction stands on different grounds. The complainant is the owner of a trade-mark for baking soda and baking powder consisting of this picture of a cow and this is valuable property. It is entitled to be protected in the exclusive use of this property. Every sale under this trade-mark of a package of baking powder manufactured by another is an infringement of the complainant's right and a trespass upon its property. While the delay of the complainant and its apparent acquiescence in past trespasses may make it inequitable to compel the defendant to account for the profit it derived from them, they confer upon it no right either at law or in equity to continue them. Neither the statute of limitations nor laches presents any defense to the prayer of the complainant for the prevention of future infringement. It is true that there are exceptional cases in which the owners of trade-marks have acquiesced in the use of them by the public or by competitors for such a length of time and under such circumstances that their action has been held to estop them from denying that they had abandoned their trade-marks and to constitute a bar to an application for an injunction against an infringement of them. *French Republic v. Saratoga Vichy Spring Co.*, 191 U. S. 427, 437, 24 Sup. Ct. 145, 48 L. Ed. 247; *Prince's Metallic Paint Co. v. Prince Mfg. Co.*, 57 Fed. 938, 943, 6 C. C. A. 617; *Amoskeag Mfg. Co. v. Garner*, 55 Barb. (N. Y.) 151. But the record in this case presents no facts which bring it within this class of cases. The complainant notified the predecessors of the defendant in 1898, and again in 1900, of its claim to this trade-mark for "skil-it-pow" and requested them to cease its use. The defendant took it as business and its rights with notice of and subject to that claim. There is no evidence that the complainant ever had the intention to abandon this claim except its delay for about nine years to commence its suit for the infringement, and that delay is insufficient to establish any intention to abandon it or to deprive it of its right to prevent farther infringement. *Fullwood v. Fullwood*, 9 Chan. Decisions, 176. Repeated trespasses or infringements establish no right to continue to trespass or to infringe, and the defendant may not be permitted to continue to use the trademark of the complainant. *McLean v. Fleming*, 96 U. S. 245, 247, 258, 24 L. Ed. 828; *Menendez v. Holt*, 128 U. S. 514, 523, 524, 9 Sup. Ct. 143, 32 L. Ed. 526."

<sup>2</sup>This work reiterates the rule laid down in *McLean v. Fleming* and *Menendez v. Holt*, cites with approval (p. 196) the decision in *El Modelo Cigar Mfg. Co. v. Gato*, 25 Fla. 886, and quotes therefrom the following:

"The rule in England, in trade-mark cases, is more stringent than in this country, and a lack of diligence there in suing deprives complainant in equity of the right to an injunction or an account. But our courts are more liberal in this respect. A long lapse of time will not deprive the owner



273 Hopkins on Trade-Marks (2d ed.—par. 75, p. 172).<sup>1</sup>

We have demonstrated, we believe, that the authorities should constrain this Court to review its earlier opinion and, upon rehearing, to affirm the decree below. Next we shall point out certain practical considerations which would render an adherence to the earlier opinion extremely injurious to trade-mark owners generally as well as to the purchasing public.

*The Practical Aspects of the Proposed Doctrine.*

In the doctrine proposed in this Court's opinion of July 20, 1915, we perceive a very serious menace to the adequate protection of trade-mark rights, and we venture to offer our views upon the practical working out of such a doctrine.

274 But first we must make clearer the theory for which we contend, and which we believe the Court has not heretofore fully understood.

In the opinion (p. 3) the Court says:

"The demand of the Drug Company for an injunction against Rectanus rests upon the proposition that a trade-mark right, once acquired, is exclusive and extends at least throughout all places subject to the laws of the United States."

This is expressed in too general terms to be an accurate statement of complainant's thesis.

We do not contend that the adoption and use of a trade-mark in one corner of the country immediately and ipso facto creates a right of action against subsequent users in all other parts of the country. Such a sweeping proposition as this could not be maintained in view of the Tea Rose flour case (supra), nor have we occasion to advance such a theory.

We do not contend that, if complainant's business had continued to be confined within New England, for instance, and had never reached competition with the defendant, that the merely theoretical injury which might result to complainant from defendant's use of the mark would justify injunctive relief.

We do most earnestly contend, however, that, once having per-  
of a trade-mark of an injunction against an infringer, but a reasonable diligence is required of a complainant in asserting his rights if he would hold a wrongdoer to account for profits and damages. This rule, however, applies only to those cases where there has been an acquiescence after a knowledge of the infringement is brought home to the complainant. \* \* \* Nor will the acquiescence of any person in the wrongful use of his name estop him from asserting his rights in equity unless he has notice, during such acquiescence, of the facts rendering the use of his name wrongful \* \* \*

<sup>1</sup>Hopkins applies to trade-marks the Supreme Court decision in *Pence v. Langdon*, 99 U. S. 578, 581, in which it was said:

"Acquiescence and waiver are always questions of fact. There can be neither without knowledge. The terms import this foundation for such action. One cannot waive or acquiesce in a wrong while ignorant that it has been committed. Current suspicion and rumor are not enough. There must be knowledge of the facts which will enable the party to take effective action."

feeted a title to a trade-mark, and having continued and extended the business thereunder in perfect good faith and with the utmost diligence permitted by meager resources, Mrs. Regis had thereby established an indefeasible right (subject only to prior rights) to carry her trade, and the appendant trade-mark, into all the markets of the country and there to enjoy them without interference from infringing users of her trade-mark.

275 Having in mind that equity will suppress trade-mark infringement largely in the interests of the purchasing public, we readily concede—what was held in the Tea Rose flour case—that no substantial right of action against an infringer accrues to a trade-mark owner until the public interest in the premises is at least materially threatened. By this we mean that there may be no right of action until actual or potential competitive conditions arise, so that the two trade-marks are brought, or are threatened to be brought, into actual conflict. As the Court of Appeals for the Seventh Circuit expressed it in the Tea Rose flour case (*ante* p. 27):

“a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article” (208 Fed. Rep. at 519).

Assume, for example, that complainant's use of “Rex” at the present date has extended to, but not beyond, the Rocky Mountains. In this situation—according to our contention—complainant could not suppress the use of the same mark by another in San Francisco, because the trade of complainant has not yet transported the mark to San Francisco, the doings of the San Francisco user can produce nothing more than *damnum absque injuria*, and no part of the public is threatened with injury from the concurrent uses in different markets. But if, at the end of six months from this time, the complainant should have succeeded in pushing its business into

276 San Francisco, then complainant's trade would have transported the mark to the San Francisco market, competition would have begun or would be immediately impending, and (assuming complainant's priority of adoption and use) an injunction should certainly issue—for the two-fold purpose of vindicating complainant's legal title and prior equity, and preserving the public in San Francisco against the inevitable confusion which would arise from the concurrent use of the conflicting marks in the same district.

Thus the practical working out of the theory for which we contend is entirely reasonable and proper. It would require the suppression of infringement under those circumstances only which involve the interests of the public and an actual or immediately threatened injury to the trade-mark owner; and in those markets only to which the owner's actual trade had transported the appendant mark. What is of prime importance—the public would be vigilantly protected against confusion and deception.

Compare these circumstances, if the Court please, with the effects of the doctrine proposed in this Court's opinion:

In the first place, to deny an injunction in this case is to perpetuate in Louisville the competition between the Rex products of the two parties, with inevitable confusion and deception of the public. In other words, it is to promote precisely that injury to the public which it is the object of equity to prevent, as Judge Hough said in the Baltimore Club Whisky case.

It is inconceivable, we submit, that any Court could deny complainant—with its prior right and equity—the right to sell  
277 its Rex product in Louisville; and if the refusal of an injunction leave an equal right in the defendant, then the two Rex products will be in the hands of Louisville retail druggists and their clerks, who, either innocently or intentionally, will be sure to deceive purchasers and make substitutions.

In this connection it should be borne in mind that there are three distinct classes of the public to be considered in measuring the effect of trade-mark infringement: For example, in Louisville there is undoubtedly a class which relies upon defendant's Rex mark and is ignorant of complainant's; another class which relies upon complainant's mark and is ignorant of defendant's; and a third class which is as yet ignorant of both, but from which the future patronage of both businesses must be drawn. Obviously, the third class is by far the largest of the three.

The first class—defendant's customers—are already familiar with the appearance of defendant's packages, with the places at which defendant's Rex remedy is on sale. It would be difficult, perhaps, to substitute complainant's remedy for defendant's in a sale to any one of this class. In other words, these are not the customers who most need the protection against deception and substitution.

The same is true of the second class—complainant's customers—who, being already well informed as to the appearance of complainant's product and the stores which sell it, would be unlikely to be subject to serious confusion.

Thus it is of minor, if any, importance that the Court should be particularly solicitous of those two classes of the public who are sufficiently well-informed to protect themselves adequately. But the situation is altogether different as regards the third class.

278 The advertising of a trade-marked product is addressed almost entirely to this third class of the public. Nearly all of the publicity work and skilled salesmanship is addressed to this class. And when advertising or general reputation of a Rex remedy has once aroused the interest of a member of this class, he immediately becomes a potential victim of deception. He is not yet familiar with the dressing, or the places of sale, of the Rex remedy to which he has been attracted; or, if he has read or has been told of the dress or place of sale, he is unlikely to remember either, although the trade-mark itself would be readily retained in his memory—this being the principal purpose and utility of a trade-mark. Then, if he has been attracted by complainant's advertising, he is just as likely to be deceived into the purchase of defendant's product; and vice versa.

It is clear, therefore, that that class of the public which it is the object of equity to protect is the class of prospective purchasers of the trade-marked article.

Hence, if the injunction against the defendant herein be maintained, this third class of the public will be confronted by only the single trade-mark of the complainant, and all danger of confusion and deception will be eliminated; while, on the other hand, the only part of the public which will be threatened with any damage will be that comparatively small class—defendant's customers—who are already acquainted with defendant's product and are little, if any, in need of protection against deception. It would be particularly easy in this case to avoid harm to this part of the public, because this defendant's sales are made exclusively through a single retail drug store, and a brief oral explanation could be made, that, although the product inquired for is still on sale, its name has been changed.

But if the injunction be denied, then the effect will be inevitably to promote in perpetuum, deception and confusion of this third and most important class of the public.

We submit that this Court cannot possibly insist upon the doctrine announced in its decision without wholly disregarding the interests of the general public of Louisville and thereby doing violence to those very theories of protection to the public upon which the law of trade-marks so largely rests.

Furthermore, the perpetuation of that doctrine would tremendously diminish the salable value of a trade-mark in the hands of an owner who may have spent years of diligent effort in creating a valuable good-will.

Suppose a man, starting with little or no money, builds up, during fifteen years or more, a business in a meritorious trade-marked product, but which he had been unable to extend beyond a half dozen contiguous states. If the law of trade-marks be such that this man's mark would be his, exclusively (subject only to prior rights), in all of the markets to which his trade could be extended—then his years of effort would have created of that trade-mark a valuable asset which would be salable at a large price.

But if his trade-mark right must lose its exclusive character—and therefore its only value—upon encountering a later user in some new market, then the worth of the trade-mark as an asset is wholly problematical; no investigation which could be made practically could safeguard a business successor against what, in any number of markets, would effect the destruction of all value of the mark. No successor would pay a substantial price for a trade-mark under such circumstances.

Moreover, the theories advanced by this Court would place a tremendous burden upon legitimate trade-mark users and at the same time encourage deliberate infringement.

For example, if a business be started in one corner of the country upon the foundation of a trade-mark, the only measures which could adequately safeguard against fraudulent competition and deception of the public in innumerable markets, would be either the invasion of all of the markets simultaneously, or else the investi-

gation of every market from time to time to discover competitive uses. It would be entirely unsafe for any new business under a trade-mark to be permitted a conservative, deliberate growth (which might be very slow for lack of capital), because the merited popularity of the trade-mark in its first market, in these days of an extensive traveling public, would inevitably become known, in more or less remote markets, to pirates who would forthwith adopt the mark in entire security that their fraudulent intentions could never be proved. Thereafter, say in ten or fifteen years, the original trade, having undergone a natural and sound growth, would reach the pirate's market and there encounter the necessity to elect whether to endure the pirate's competition and see the value of the legitimate trade-mark extinguished, or else to buy out the infringing business at the far-sighted pirate's own price.

It all comes down to this: if the founder of a business under a trade-mark can occupy all of the markets of the country practically simultaneously, he will have little to fear from the rule which  
 281 this Court suggests. But if, instead, he has a meager capital and must enlarge his territory only with praiseworthy conservatism, so that it may take him a decade or more to reach some of the most valuable markets in the country, he must anticipate the practical destruction of his trade-mark in at least some of those markets; and his absolute good faith and diligence can avail him nothing if only his resources be limited. In short, the proposed doctrine could not but discourage small enterprises which would otherwise give great promise, while, on the other hand, large and wealthy concerns would be substantially unaffected.

As to the encouragement of deliberate infringement, the result of the proposed doctrine has already been suggested. Those who are constantly in touch with commercial practices involving trade-marks realize the existence of an unhappily large number of persons who only await opportunities to appropriate valuable trade-marks under circumstances which render the proof of fraud impossible. When such a pirate learns of a popular trade-mark in some comparatively remote part of the country, he adopts it for his own mark. Then, when the legitimate trade finally encounters the pirate's competition in the latter's market, nothing remains, under the proposed doctrine, but to accept the situation or pay the pirate's price. Under such circumstances the pirate would undoubtedly set up his innocence and good faith which the complainant would be at a loss to rebut. We see no escape from the conclusion that the proposed doctrine would immeasurably encourage this despicable sort of practice which is already too prevalent.

When all of the considerations are reviewed, it is seen that  
 282 at the very foundation of all trade-mark law there stands the absolute necessity that only a single vendor in any market shall use any given trade-mark upon any given species of merchandise. There can be no proper exception to this rule. If it were otherwise, like trade-marks competing in the same market would perform no useful function whatever.

The whole value and purpose of a trade-mark reside in its ex-

clusive indication of a single, common origin of all articles which bear the mark; trade-marks have been described in these terms ever since the beginning of trade-mark law. Relying upon the trade-mark as an indication of an ascertained origin, the public is enabled to identify articles which have been commended in advertising or otherwise, and to repeat purchases of articles which have been tried and found satisfactory. Because of these circumstances, the owner of a trade-mark for a meritorious product is enabled to derive a just reward for his effort and to obtain a proper recognition of the high character of his product.

But none of these advantages can accrue either to the public or to any trade-mark owner, if two or more are selling competing merchandise under the same mark in the same market. And when these principles are applied to the circumstances here at bar, they cannot but require, we submit, a perpetuation of the injunction decreed by the trial Court.

#### Conclusion.

We have demonstrated, we submit, the following:

#### I.

The authorities cited in this Court's opinion do not justify the reversal of the decree below.

283 In the Baltimore Club case<sup>1</sup> the complainant knowingly acquiesced for more than twenty-five years in the defendant's use; defendant knowingly relied upon complainant's silence, and was induced thereby greatly to enlarge his business; complainant ultimately entered defendant's well-developed market with a fraudulent imitation of the defendant's labels. In the Antiphlogistine case<sup>2</sup> the complainant "never acquired any right of property in the word Antiphlogistine as a trade-mark," and therefore could have had no right of action whatever. In the Tea Rose case<sup>3</sup> the complainant had never competed with the defendant; had suffered nothing but *damnum absque injuria*; had deliberately refrained from using "Tea Rose" in defendant's market while using therein other trade-marks; nevertheless, the Court strongly intimated that if the complainant's trade had carried the Tea Rose mark into defendant's market (as actually transpired in the case here at bar many months before this suit was brought), complainant's trade-mark rights would have been enforced. In the Hunyadi case<sup>4</sup> the complainant had permitted his trade-mark to become generic, to become public property, had abandoned his substantive rights, and therefore had no trade-mark right upon which to found his suit; but nevertheless that complainant was protected, in spite of his laches, against imitation of his labels. In the Old Crow case<sup>5</sup> complainant had been an-

<sup>1</sup>Ante, p. 13.

<sup>2</sup>Ante, p. 23.

<sup>3</sup>Ante, p. 25.

<sup>4</sup>Ante, p. 30.

<sup>5</sup>Ante, p. 33.

ticipated in the use of the mark by the defendant, who had thereby acquired a prior equity which would not be disturbed.

284 The reasons for denying relief to those complainants cannot possibly avail to defeat the United Drug Company, which, with its predecessors, created and have always maintained a prior legal title and prior equity in the trade-mark "Rex;" have always acted innocently, diligently, and with the utmost good faith; and have proceeded vigorously against this defendant immediately upon learning for the first time of its adverse use of the mark.

## II.

No authority justifies a conclusion that the facts of this case establish an estoppel against Mrs. Regis or her successors. She was ignorant of the defendant's use of the mark until just before this suit was brought; she acted always in good faith; her successor acted immediately upon first learning of the infringement; she was always diligent in extending her business; the defendant was ignorant of Mrs. Regis' existence, and therefore could not have been induced by her silence into any change of condition.

## III.

The rules announced in *McLean v. Fleming*, reiterated and explained in *Menendez v. Holt*, and followed in the many cases herein cited, should control even in a case where the complainant is in a much less favorable position than is Mrs. Regis' successor. In the majority of cases, including and following *McLean v. Fleming*, the complainants, were knowingly negligent in asserting their rights. Even in such cases the innocence and good faith of the defendants do not avail, as the Supreme Court found in *Saxlehner v. Siegel-Cooper* (*supra*) and as Judge Lowell found in *Merriam v. Smith* (*supra*).

285 The clear rule laid down in all these decisions is: In the absence of an absolute estoppel against a complainant, mere delay in bringing suit, for whatever period, will not disentitle the complainant to an injunction, although it may require a refusal of an accounting—and this regardless even of "inexcusable laches" (*McLean v. Fleming*, *supra*), of innocence on the part of the defendant, and of full notice to the complainant. Obviously, these rules, long since settled by the Supreme Court, preclude the denial of injunctive relief except in extraordinary circumstances, as where a complainant has unfairly misled the defendant or has been knowingly guilty of other behavior which the defendant has relied upon to his detriment. The facts here at bar present no such extraordinary circumstances.

## IV.

The doctrine proposed in this Court's opinion could not but prove disastrous. The principal object of equity's intervention in trade-



mark matters—the protection of the public—would be utterly defeated. The great body of the public from which the future patronage for the trade-marked articles must be derived, would be subjected forever to confusion, deception, and substitution. The trade-mark owner of small capital would be placed at a tremendous disadvantage, and the value of his trade-mark would be rendered extremely doubtful; while, on the other hand, the owner, having ample resources would suffer little, if any, inconvenience. In other words, individual enterprise would be discouraged. At the same time the piracy of trade-marks, as against the small but meritorious and growing business, would be greatly encouraged.

As contrasted with this, the doctrine advanced by this  
286 petitioner, and which is in perfect accord with the decisions of the Supreme Court and other Courts, would be wholly advantageous in its practical working out. The concurrent use in the same market of the same trade-mark upon competitive products, and the resulting inevitable confusion and deception of the public, would be precluded; the trade-mark owner would be protected so far as he had at any given time extended his trade, and the public would be protected co-extensively.

Upon all of the facts and the pertinent decisions, there is, at the very least, such serious doubt as to the correctness of this Court's opinion as should constrain the Court to grant the rehearing prayed for. And, upon a rehearing, we submit that the decree below should be affirmed.

Respectfully submitted,

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287 *Order.*

(Filed Nov. 2, 1915.)

The petition for rehearing filed in this cause is hereby denied.

*Opinion.*

(Filed Nov. 2, 1915.)

288 Filed Nov. 2, 1915. Wm. C. Cochran, Clerk.

United States Circuit Court of Appeals, Sixth Circuit.

No. 2551.

THEODORE RECTANUS COMPANY, Appellant,  
vs.  
UNITED DRUG COMPANY, Appellee.

On Petition for Rehearing; Filed November 2, 1915.

*DENISON, Circuit Judge:*

The petition for rehearing urges us to reconsider the conclusion that plaintiff's valid trade-mark is not entitled to full protection by injunction against Rectanus. It is said that our opinion is without precedent, in that it finds that plaintiff owns a valid trade-mark and has moved promptly after having actual knowledge of the infringement and yet refuses relief; in other words, and using the nomenclature of the petition, it is said that an injunction in a trade-mark case has never been denied on the ground of "estoppel by negligence,"\* and the petitioner's counsel think that the adoption of such principle is in serious conflict with established trade-mark law and will lead to very unfortunate practical results.

We did not originally fail to appreciate that our conclusion was without specific precedent, and we then gave what consideration we could to the matter of practical results; but we were without the aid now given by the thorough presentation found in the petition.

289 The arguments now presented and the novelty of the question justify some further discussion.

It is settled that injunction against future trade-mark infringement may not be denied because of the mere laches of plaintiff (see cases *infra*); and it must be conceded that the record here discloses no actual knowledge by Mrs. Regis or her successors of the fact that Rectanus was using the mark until they acquired such knowledge shortly before suit brought. Since, in order to raise an estoppel in pais, it is essential that one party shall do some act or neglect some act, and that the other party, in reliance on such doing or neglecting, shall change his position so as to import prejudice if the first act or neglect is repudiated, it follows that our conclusion of estoppel cannot be maintained unless it shall be assumed that Mrs. Regis was guilty of some neglect toward the public

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\*"By this phrase meaning that estoppel which at last rests not upon a trademark owner's actual knowledge of the use of the person afterwards made defendant, but rather upon a knowledge thereof imputed to the trademark owner because of his indifference and neglect."

or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect, has changed his position. It is true there can be no neglect, unless there is a duty; but these are relative terms. There can be no absolute duty resting on one who adopts a trade-mark to bring it at once to the attention of everybody. Such duty as there may be in this direction must rest upon the obligation of the one adopting to realize that in the absence of a wide-spread knowledge of the existence of his claim to the mark, others will be likely to adopt it and spend their money in its promotion in their own interest. This obligation must be as variant in degree as are the circumstances of each case from those of another case; but we cannot doubt that, under present day conditions, there are cases in which some measure of such obligation does exist. Formerly, the number of competing traders in a given line,—and, hence, the probability that another would hit upon the same trade-mark,—was slight as compared to that number and that probability now; and, formerly, the means by which a trade-mark owner could spread general knowledge of his claim were comparatively ineffective, and the trade customs which now make it so much a matter of course for trade-marks to be put before the public the country over, were largely nonexistent. Mrs. Regis and her successors used, as a trade-mark, a word which, though not descriptive in the forbidden degree, was yet so far suggestive of quality that its adoption by others was as likely as its choice by her had been natural. From 1883 (when Rectanus' use began), until now, 290 it has been true that a small expense in trade journal advertising enables the trade-mark proprietor to put his article and its name before the entire trade; and the custom of so doing has been wellnigh universal. As business methods and business customs change, so change the fact-standards of reasonable prudence and care in guarding business rights. Mrs. Regis, at least prior to 1900, made no appreciable effort to extend her trade or her mark beyond Massachusetts; the instances of sales beyond that field are almost negligible\*; she advertised in no journal; she employed no outside solicitors; knowledge of the remedy and its name did not spread, save as one user told another, and save as she and one or two others canvassed from house to house in a few Massachusetts towns. Until 1898, she did no act adapted to give any general notice of her claim; and the act then done,—the state registration,—was, of course, confined in its effect to that state (Ch. 72, Mass. Revised Laws). In 1900, she registered in the Patent Office; and then, for the first time, clearly disclosed her claims to a country-wide trade-mark.

Registration under the federal trade-mark act is not expressly made notice of the rights claimed, and so it cannot, as matter of law, be called a constructive notice; and yet that it in fact tends to give

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\*Mrs. Regis sent a few boxes into Maine, New Hampshire, Vermont and New York. She sold a few which the buyers were to send to Canada or Virginia. No one of these is fixed as before 1900; all may as well have been, as the business reached its largest volume shortly before she sold out in 1910.

notice is well known. The substance of the registration is published in an official journal. This published list is regularly scrutinized by many manufacturers and dealers; and it is common practice for any one proposing to adopt a trade-mark to have a search made in the classified lists of registrations in order to determine whether the proposed mark has been already appropriated. The application for registration itself shows that a use which may have been indefinite or fugitive has grown and developed into a definite claim of right covering interstate and foreign commerce. It may well be that either a federal registration or some suitable advertising would, in a particular case, be notice enough to the public of which the defendant was a member so that every obligation of fairness resting on the claimant would be satisfied, and so the defendant would  
291 have no basis to say that he had been both innocent and diligent while the claimant had been careless and indifferent in creating the situation tending to make an estoppel. These questions are not presented; nor is it necessary to say that at any particular time Mrs. Regis became charged with any particular degree of duty to make her claim generally known. It is enough to say that in (e. g.) 1895, at the end of more than fifteen years of this policy of doing nothing in any of the customary methods to give either the trade or the general public knowledge of the claimed trade-mark, Mrs. Regis was bound to know that others would be likely to adopt or to be using the same word in ignorance of her appropriation, and to be making investments therein. If she was bound to know this, it must be conclusively presumed that she did know it; Rectanus' continued investment from 1895 to 1900 in exploiting what he thought was his trade-mark, makes a satisfactory case of estoppel; and ten or twelve years more of indifference to other than comparatively local trade, after the 1900 notice, accompanied by defendant's continued expenditure, does not weaken the defense. It is, perhaps, not accurate to say that she is conclusively presumed to know what she was bound to know, but the distinction is here immaterial. One is bound to know the law, and so, is bound to anticipate the results which, by law, must follow from his acts; and it would seem that others who rely upon the knowledge and intent so presumed could claim the protection of an estoppel just as much as if the knowledge and intent had been actual.

We cannot join in counsels' apprehension that from this principle serious harm will come to trade-mark owners. We carefully refrained, in this opinion and the accompanying opinion in *Gaines v. Rock Spring Co.*, from deciding what degree of diligence, if any, by the trade-mark owner in exploiting his claims was necessary to protect him from losing, in this way, a fraction of his trade-mark right; only in an extreme case would a court reach the conclusion which we here reached; the trade-mark owner, prosecuting and exploiting his business in the ordinary way can have nothing to fear from the rule of the opinion. Not only will the cases, where this situation arises, be rare, but only in a fraction of those cases will there be practical difficulty in determining the conflicting rights of the general owner and the one who must be left in the pos-

292 session of what he has taken. Such difficulties as may develop we must think to be a lesser evil than it would be to permit plaintiff, by asserting a prior right, to destroy that which had been built up in the reasonable belief, induced by plaintiff's conduct, that no such prior right existed. Of course, it is not necessary to the theory of estoppel that the one claiming it should have acted upon an affirmative misrepresentation. It is enough if he has acted as he would not have done if he had known the truth, and if the one against whom the estoppel is claimed kept silent when he should have spoken.

So much by way of reference to the principles, the proper application of which must control this case. We turn now to the decided cases, and the discussion of them in the petition. Those cited in our opinion, so far as petitioner's counsel think they give color of support to the conclusions of the opinion, are sought to be distinguished on one or the other of two grounds. It is said that the finding of an estoppel, where that result has been allowed to defeat a valid trade-mark (as in the *Baltimore Club Case*, in the Circuit Court of appeals) has been based on actual knowledge by plaintiff that defendant was using the mark and on plaintiff's acquiescence after such knowledge. In the case just cited, this is true; but it is difficult to distinguish between the effect of knowledge proved in fact and knowledge imputed by law. A doubtful inference is not so satisfactory as clear and direct proof; but when once the inference is drawn, the fact is established. We must doubt whether the result in the *Baltimore Club case* would have been different if it had appeared only that plaintiff had done nothing for twenty years toward extending his trade-mark beyond Baltimore; that plaintiff had been indifferent as to what was done in New York; that any ordinarily vigorous pushing of plaintiff's business, at any time for twenty years, would have disclosed defendant's use; and that the mark consisted of such a quasi-descriptive or suggestive word as to be rather likely to be selected by others. We think that case differs from the present, not in principle but in degree.

Nor can we think that the presence of actual competition between the parties at the time suit is commenced is the sole criterion by which cases are to be distinguished,—as the petition urges  
293 with reference to *Hanover Co. v. Allen Co.*, *supra*. Whether the ground of the defense be laches or estoppel, if the defense is good today, it does not seem that it can be bad next week, merely because in the meantime plaintiff first brings in and offers for sale his goods in the local territory where defendant is established. If so, then neither defense could ever avail, because plaintiff could always delay bringing suit for a few months or a year and until after he had come in and was selling some goods in defendant's territory—which is practically what happened in this case.

The insistence of the petition that our opinion runs counter to settled principles is based chiefly on *McLean v. Fleming*, 96 U. S., 245, and *Menendez v. Holt*, 128 U. S., 514. In the former case, plaintiff's acquiescence and delay were held sufficient to bar an ac-

counting, but not to prevent an injunction; but it clearly enough appeared that defendant's actions had not been innocent. He had been fully aware of plaintiff's right to the marks and labels, and he had copied them as closely as he dared. His contention was that he had not infringed; but he had always known that if he was wrong in this contention his conduct was unlawful. The element of good faith expenditure by defendant in building up a business on a mark which he had a right to suppose was his, is wholly lacking in *McLean v. Fleming*. Without that basis, there could be no estoppel; and so the case has no bearing upon the latter question. In *Menendez v. Holt*, there was the same situation. Defendants were using the mark under Ryder, who had formerly been in partnership with plaintiff in the business to which the mark was incidental, and it is clear that defendants made no claim that they were ignorant of plaintiff's rights. They had taken their chances on the validity of the trade-mark and the sufficiency of plaintiff's title. Surely, there could be no estoppel; and so the court expressly says, on page 524. The plaintiffs had always been diligent in giving notice, and the defendants had never been innocent.

Reliance is had also on the two Hunyadi-Janos Cases in 179 U. S.,—the *Eisner Case*, at pages 19, 39, and the *Siegel-Cooper Case*, at page 42. In the *Eisner Case*, the conclusion reached seems to have depended on the theory of unfair competition, and not 294 on that of trade-mark infringement. The title to the word "Hunyadi," as a trade-mark, was held to have been lost, but the characteristic red and blue label was protected against fraudulent simulation. Not only was the original ground of relief found to lie in defendant's fraud, but perhaps for the same reason only the defense of laches was overruled. In the *Siegel-Cooper Case*, it appeared that defendant was merely a retailer under purchases made from the *Eisner Co.*, and that the *Eisner Co.* was the actual defendant. Perhaps it was inevitable that the case should have the same result as the *Eisner Case*; and yet, it is not quite clear why, in the latter case, relief should have been denied on the ground of trade-mark infringement and given on the ground of fraud, and, in the *Siegel-Cooper Case*, the absence of any fraudulent intention by defendant should have been held immaterial, and on the authority of strict trade-mark cases; but whatever may be the proper view of the *Eisner* and *Siegel-Cooper* cases, they do not militate against the defense of "estoppel by negligence," in a proper case. Not only did neither defendant claim an estoppel, but the *Eisner Co.* could not have done so because estoppel cannot be based on fraud, and the *Siegel-Cooper Co.* could not have done so because it had made no expenditures based upon its belief in its own title to the subject-matter, nor was it ignorant of plaintiff's claim.

We are cited, also, to several decisions in patent cases (of which *Taylor v. Sawyer Co.*—C. C. A. 3—75 Fed., 301, and *Ide v. Trorlicht*—C. C. A. 8—115 Fed., 137, are typical) to the effect that an injunction against the continuation of a patent infringement will not be denied because of equities which have arisen in defendant's favor through plaintiff's indifference or delay. These cases usually them-

selves save the question of a possible estoppel; but suits upon a patent and a trade-mark present, in this respect, a very imperfect analogy. A patent is an absolute monopoly; the patentee is under no obligation to work the patent; he has received a grant of a right to exclude all others unconditionally and entirely; and all others have constructive notice of his right. With reference to a trade-mark, the monopoly is only incidental to an existing business; unless the business is prosecuted, the right is lost; there is (at least lacking registration) no constructive notice to others; others have a right to appropriate the mark to themselves, if plaintiff stops using it. Obviously, there is in trade-mark cases much more room than in patent cases for a defendant to acquire, on the theory of estoppel, a right which a court of equity will protect.

A study of these cases, as well as of the others presented, has not convinced us that our conclusion was mistaken, and the petition for rehearing is denied.

"It should be understood, as was more fully stated in the 'Old Crow' case, that such an adjudication, as is here directed, is confined in its effect to the territory which the Rectanus Co. had reached and was occupying to a substantial extent when it received notice of plaintiff's claims. How far, if at all, it may promote an increase or prevent a natural increase constitutes one of the 'difficulties which may develop' from conflicting rights specified in a previous paragraph and which we do not undertake to consider."

United States Circuit Court of Appeals for the Sixth Circuit.

I, William C. Cochran, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the foregoing is a true and correct copy of the record and proceedings in the case of Theodore Rectanus Company vs. United Drug Company No. 551, as the same remains upon the files and records of said United States Circuit Court of Appeals for the Sixth Circuit, and of the whole thereof.

In testimony whereof, I have hereunto subscribed my name, and affixed the seal of said Court, at Cincinnati, Ohio, this 5th day of May, A. D. 1916.

[Seal United States Circuit Court of Appeals, Sixth Circuit.]

W. C. COCHRAN,  
Clerk of the United States Circuit Court  
of Appeals for the Sixth Circuit.

[United States internal revenue documentary stamp, series of 914, 10 cents, canceled 5/15/16.]



297 United States District Court of Appeals for the Sixth Circuit.

THEODORE RECTANUS COMPANY, Appellant,  
vs.  
UNITED DRUG COMPANY, Appellee.

*Petition for Appeal.*

To the Honorable Judges of the United States Circuit Court of Appeals for the Sixth Circuit:

The above named United Drug Company, feeling aggrieved by the decree rendered and entered in the above entitled cause on the 20th day of July, A. D. 1915, does hereby appeal from said decree to the Supreme Court of the United States, for the reasons set forth in the assignment of errors filed herewith, and said United Drug Company prays that its appeal be allowed and that citation be issued as provided by law, and that a transcript of the record proceedings and document upon which said decree was based, duly authenticated, be sent to the Supreme Court of the United States sitting at Washington, D. C., under the rules of said court in such cases made and provided.

And your petitioner further prays that the proper order relating to the required security to be required of it be made.

UNITED DRUG COMPANY,  
By LAURENCE A. JANNEY, *Attorney.*

Appeal allowed upon giving bond as required by law, for the sum of \$500.00,—(with doubts as to right of appeal but to avoid depriving this appellant of any right that may exist).

Counsel for this appellant consents that any injunction that may be in force in the District Court may be suspended pending this appeal.

July 19, 1916.

ARTHUR C. DENISON,  
*Judge of the United States Circuit Court  
of Appeals for the Sixth Circuit.*

Endorsed: Filed July 21, 1916. William C. Cochran, Clerk.

298 United States District Court of Appeals for the Sixth Circuit.

THEODORE RECTANUS COMPANY, Appellant,  
vs.  
UNITED DRUG COMPANY, Appellee.

*Assignment of Errors on Appeal.*

Now comes the complainant appellee in the above entitled cause and files the following assignment of errors upon which it will rely in its prosecution of the appeal in the above entitled cause from the decree made by this Honorable Court on the 20th day of July, 1915.

I. That the Circuit Court of Appeals for the Sixth Circuit erred in declining, in spite of priority of adoption and use of the trade mark "Rex" in controversy by complainant appellee, to affirm the decree of the trial court enjoining the defendant appellant from further using said trade mark "Rex."

II. Said court erred in reversing the decree of the trial court and ordering a dismissal of the bill of complaint on the ground that complainant appellee was estopped by the conduct of its predecessor to assert against the defendant appellant the otherwise exclusive right of complainant appellee to the use of said trade mark "Rex."

III. The said Court of Appeals erred in holding that the demand of the complainant appellee, United Drug Company, for an injunction rested upon the proposition that a trade mark right once acquired is exclusive, and extends at least throughout all places subject to the laws of the United States. No proposition advanced in behalf of the United Drug Company was so broad in scope; on the contrary the proposition urged by the United Drug Company was only that a trade mark once acquired is exclusive throughout that increasing area within which the actual trade of the trade  
299 mark owner is extended in the course of its natural growth.

IV. Said Court of Appeals erred in holding that the United Drug Company's predecessor had indicated a disregard for and indifference to the markets in Louisville, Kentucky, occupied by the defendant appellant, because said predecessor had not extended the "Rex" trade into the Louisville markets until about the year 1911.

V. Said Court of Appeals erred in declining to hold that United Drug Company's predecessor, who was first to adopt and use the trade mark "Rex," had extended the trade thereunder as diligently as reasonably possible, and by a normal and natural growth in accordance with usual and reasonable business methods.

VI. Said Court of Appeals erred in holding that complainant appellee's predecessor in the ownership of the trade mark "Rex" had been guilty of some neglect toward the public or toward the class of which defendant appellant was a member; and that said circumstance contributed to the creation of an estoppel against complainant appellee.

VII. Said Court of Appeals erred in holding that complainant appellee's predecessor in the ownership of the trade mark "Rex" was chargeable with the obligation to realize that, in the absence of a widespread knowledge of the existence of said predecessor's claim to the mark, others would be likely to adopt the mark and spend their money in the promotion of their own businesses under said mark.

VIII. The Court of Appeals erred in failing to hold that defendant appellant was chargeable with an obligation to realize the probability of a prior adverse adoption and use of the trade mark, which obligation was at least as binding upon defendant appellant as was any obligation upon the complainant appellee to realize the probability of a later adverse adoption and use; and that the disregard of such an obligation on the part of defendant appellant should  
300 disentitle it to charge estoppel against complainant appellee for disregard of its alleged obligation aforesaid.

IX. Said Court of Appeals erred in holding that complainant appellee's predecessor in the ownership of the trade mark "Rex" failed to adopt and practice the necessary methods of giving to the trade and the general public knowledge of said trade mark.

X. Said Court of Appeals erred in holding that complainant appellee's predecessor in the ownership of the trade mark "Rex" was bound to know that others would be likely to adopt or to be using the trade mark "Rex" in ignorance of the appropriation of said mark by said predecessor; and that therefore it must be conclusively presumed that said predecessor did know that others would be likely to adopt and did adopt said trade mark.

XI. Said Court of Appeals erred in holding that the conduct of complainant appellee's predecessor in the ownership of the Trade mark "Rex," or any reliance—express or implied—upon the conduct, or both together, created any estoppel whatever against complainant appellee and its predecessor.

XII. Said Court of Appeals erred in holding that the Baltimore Club Whiskey case (183 Fed. 22; 105 C. C. A. 314) afforded any authority whatever for the decision by the Court of Appeals in the case here at bar, or promulgated any doctrines applicable in the circumstances here involved.

XIII. Said Court of Appeals erred in holding that the Tea Rose Flour case (208 Fed. 513; 125 C. C. A. 515) afforded any authority whatever for the decision by the Court of Appeals in the case here at bar, or promulgated any doctrines applicable in the circumstances here involved.

XIV. Said Court of Appeals erred in declining to apply to the circumstances at bar the rules laid down in the Supreme Court decisions in *McLean v. Fleming*, 96 U. S. 245; and *Menendez v. Holt*, 128 U. S. 514.

301 XV. Said Court of Appeals erred in holding that the innocence of defendant appellant and its predecessors (up to the time they were first informed of the claims of complainant appellee) exonerated defendant appellant from the charge of trade mark infringement which should have been enjoined under the rules announced in *McLean v. Fleming*, *supra*, and *Menendez v. Holt*, *supra*.

XVI. Said Court of Appeals erred in holding that the innocence of defendant appellant and its predecessors (up to the time they were first informed of the claim of complainant appellee) afforded any material distinction from the circumstances involved in *McLean v. Fleming*, *supra*, and *Menendez v. Holt*, *supra*.

XVII. Said Court of Appeals erred in disregarding the right of the purchasing public in Louisville, Kentucky, to be protected against the concurrent use in that territory of identical competing trade marks by the rival traders which are parties to this suit; and by perpetuating, in effect, such conflicting use with the resulting inevitable threat of deception and confusion of the public.

XVIII. Said Court of Appeals erred in declining to affirm the decree of the trial court, the United States District Court for the District of Kentucky.

XIX. Said Court of Appeals erred in reversing the decree of the trial court, United States District Court for the District of Kentucky.

Wherefore complainant appellee, United Drug Company, prays that said decree of the United States Circuit Court of Appeals for the Sixth Circuit be reversed and that said court be ordered to enter a decree affirming the decision of the trial court from the United States District Court for the District of Kentucky in said cause.

July 19, 1916.

LAURENCE A. JANNEY,

*Attorney for Appellee, United Drug Company.*

Endorsed: Lodged with me July 19, 1916. Arthur C. Denison, Circuit Judge. Filed July 21, 1916. Wm. C. Cochran, Clerk.

302 United States Circuit Court of Appeals for the Sixth Circuit.

No. 2551.

In Equity.

THEODORE RECTANUS COMPANY, Appellant-Defendant,

vs.

UNITED DRUG COMPANY, Appellee-Complainant.

*Bond on Appeal to United States Supreme Court.*

Know all men by these presents, that we, United Drug Company, a Massachusetts corporation having its principal office in Boston, Mass., as principal, and London & Lancashire Indemnity Company of America, a corporation of the State of New York, having its principal office in the City, County and State of New York, as surety, are held and firmly bound unto Theodore Rectanus Company, a corporation of the State of Kentucky, having its principal office in the City of Louisville, Kentucky, in the sum of Five Hundred Dollars (\$500.00) lawful money of the United States, to be paid to it, its successor or legal representative; to which payment, well and truly to be made, we bind ourselves and each of us, jointly and severally and each of our successors and legal representatives, by these presents.

Sealed with our seals and dated this 22nd day of July, 1916.

Whereas the above named United Drug Company has prosecuted an appeal to the Supreme Court of the United States to reverse the decree of the United States Circuit Court of Appeals for the Sixth Circuit, in the above entitled cause;

Now therefore, the condition of this obligation is such that if the above named United Drug Company shall prosecute its said appeal to effect and answer all costs if it fail to make good its plea, then this obligation shall be void; otherwise to remain in full

303 force and effect.

[SEAL.]

UNITED DRUG COMPANY,

By JAMES C. McCORMICK, *Treasurer.*

[SEAL.]

LONDON & LANCASHIRE INDEMNITY  
COMPANY OF AMERICA,

By S. W. WILKINSON, *Attorney-in-fact.*

## COMMONWEALTH OF MASSACHUSETTS,

*County of Suffolk, ss:*

On the first day of July, 1916, personally appeared before me James C. McCormick, who, being by me first duly sworn, deposed and said that he is Treasurer of United Drug Company named as principal in the foregoing bond; that as such Treasurer he was duly authorized to execute said bond for and in behalf of said United Drug Company as principal thereon; that he executed said bond for and in behalf of said United Drug Company as principal thereon; and that said execution by him was the free act and deed of said United Drug Company for the purposes set forth in said bond.

[NOTARIAL SEAL.]

GEORGE WILLIAM SKUSE.

## STATE OF NEW YORK,

*County of New York, ss:*

On the 22nd day of July, in the year 1916, before me personally came S. W. Wilkinson, to me known, who, being by me duly sworn, did depose and say that he resides in Cranford, Union County, New Jersey; that he is the Attorney-in-fact of the London & Lancashire Indemnity Company of America, the corporation described in and which executed the within instrument; that he knows the seal of said corporation; that the seal affixed to said instrument was such corporate seal; that it was so affixed in pursuance to the By-Laws of said corporation, and that he signed his name thereto by like order; and that the liabilities of said company do not exceed its assets as ascertained in the manner provided in Chapter 33 of the Consolidated Laws of the State of New York for the year 1909.

[SEAL.]

IRENE C. BROWN,

*Notary Public.*

*Section 7 of the By-Laws of the London & Lancashire Indemnity Company of America.*

"The President and/or a Vice-President shall have power and authority to appoint Assistant Secretaries, Resident Vice-Presidents, Resident Secretaries, Resident Assistant Secretaries and Attorneys-in-fact, and to give such appointees full power and authority to sign and to seal with the Company's seal where required all policies, bonds, recognizances, stipulations and all underwriting undertakings and may at any time in their judgment remove any such appointees and revoke the authority given to them."

304 In accordance therewith, the following Power of Attorney has been issued, to wit:

"Know all men by these presents: That the London & Lancashire Indemnity Company of America, by A. G. Mcllwaine, Jr., its President, in pursuance to Section 7 of the By-Laws of said Company, a copy of which is hereunto attached, does hereby nominate, constitute and appoint S. W. Wilkinson its true and lawful Attor-

ney-in-fact, to sign and to seal with the Company's seal where required all policies, bonds, recognizances, stipulations and all underwriting undertakings, for and on its behalf as surety, and as its act and deed.

And the execution of such instruments in pursuance of these presents shall be as binding on said Company, as fully and amply, to all intents and purposes as if they had been duly executed and acknowledged by the regularly elected officers of the Company in their own proper persons.

In witness whereof, the said A. G. McIlwaine, Jr., President has hereunto subscribed his name and affixed the corporate seal of the said London & Lancashire Indemnity Company of America, this 20th day of August, 1915.

A. G. McILWAINE, JR., *President.*"

STATE OF NEW YORK,

*County of New York, ss:*

I, Geo. C. Howie, Sec'y of the London & Lancashire Indemnity Company of America, have compared the foregoing by-law with the original *thereto* as recorded in the Minute Book of the said Company and have compared the foregoing Power of Attorney with the original thereof, and do hereby declare the same are true and correct transcripts therefrom and of the whole of said originals.

In witness whereof, I have hereunto set my hand and affixed the seal of the said company in the City of New York, this 22nd day of July, 1916.

GEO. C. HOWIE, *Secretary.* [SEAL.]

London & Lancashire Indemnity Company of America.

*Statement of January 1st, 1916.*

Assets.

Bonds and Stocks (Market Value) .....	\$1,705,110.00
Interest due and accrued .....	11,838.76
Premiums in course of collection .....	284,610.81
Cash on Hand and in Banks .....	312,447.62
Other Assets .....	2,077.63
Total Assets .....	\$2,316,084.82

Liabilities.

Reserve for Unearned Premiums .....	\$652,489.54
Reserve for Unpaid Losses .....	263,463.77
All other Liabilities .....	124,943.43
Capital .....	750,000.00
Net Surplus .....	525,188.08
	<hr/>
	\$2,316,084.82
Surplus to Policyholders .....	\$1,275,188.08

COUNTY OF NEW YORK,

*State of New York, ss:*

Geo. C. Howie, being duly sworn, says that he is the Secretary of the London & Lancashire Indemnity Company of America, that the foregoing is a true and correct statement of the financial condition of said company as of January 1st, 1916, to the best of his knowledge and belief and that the financial condition of said company is as favorable now as it was when such statement was made.

GEO. C. HOWIE, *Secretary*. [SEAL.]

Subscribed and sworn to before me this 22nd day of July, 1916.

IRENE C. BROWN,  
*Notary Public*. [SEAL.]

The within bond is approved both as to sufficiency and form this 5th day of August, 1916.

ARTHUR C. DENISON,  
*United States Circuit Judge*.

Endorsed: Filed August 7th, 1916. Wm. C. Cochran, Clerk.

305 United States Circuit Court of Appeals for the Sixth Circuit.

THEODORE RECTANUS COMPANY, Appellant,

vs.

UNITED DRUG COMPANY, Appellee.

*Citation on Appeal.*

UNITED STATES OF AMERICA, *ss:*

To Theodore Rectanus Company, Louisville, Kentucky, Greeting:

You are hereby cited and admonished to be and appear at the Supreme Court of the United States to be held at the City of Washington, in the District of Columbia, on the 4th day of September, A. D. 1916, pursuant to an order allowing an appeal filed and entered in the clerk's office of the United States Circuit Court of Appeals for the Sixth Circuit from a decree signed, filed and entered on the 20th day of July, 1915, in that certain suit, it being No. 2551, wherein United Drug Company is appellant to the United States Supreme Court, and said Theodore Rectanus Company is appellee in the United States Supreme Court, to show cause, if any there be, why the decree rendered against said United Drug Company, as  
306 in said order allowing appeal mentioned, should not be corrected, and why justice should not be done to the parties in that behalf.



Witness the Honorable Arthur C. Denison, United States Circuit Judge for the United States Circuit Court of Appeals for the Sixth Circuit, this 5th day of August, 1916.

ARTHUR C. DENISON,  
*Judge of the United States Circuit Court  
of Appeals for the Sixth Circuit.*

Service of the within citation is hereby accepted.

THEODORE RECTANUS CO.,  
By CLAYTON B. BLAKEY, *Counsel.*

307 [Endorsed:] 2551. U. S. Circuit Court of Appeals for the Sixth Circuit. Theodore Rectanus Company, Appellant, vs. United Drug Company, Appellee. Citation on Appeal. Filed Aug. 25, 1916. Wm. C. Cochran, Clerk.

308 United States Circuit Court of Appeals for the Sixth Circuit.

I, William C. Cochran, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the foregoing is a true and correct copy of the petition for appeal, order allowing appeal, assignment of errors and bond on appeal in the case of Theodore Rectanus Company vs. United Drug Company No. 2551, as the same remains upon the files and records of said United States Circuit Court of Appeals for the Sixth Circuit, and of the whole thereof, together with the original citation.

In testimony whereof, I have hereunto subscribed my name, and affixed the seal of said Court, at the City of Cincinnati, Ohio, this 2nd day of September A. D. 1916.

[Seal United States Circuit Court of Appeals, Sixth Circuit.]

WILLIAM C. COCHRAN,  
*Clerk of the United States Circuit Court  
of Appeals for the Sixth Circuit.*  
By ARTHUR B. MUSSMAN, *Deputy.*

[Endorsed:] 511-16/25341.

309 [Endorsed:] File No. 25341. Supreme Court U. S., October term, 1916. Term No. 511. Theodore Rectanus Company, Appellant, vs. United Drug Company. Certified copies of petition for appeal, order allowing appeal, assignment of errors and appeal bond, and original citation with proof of service of same. Filed Sept. 5, 1916.

310 UNITED STATES OF AMERICA, ss:

[Seal of the Supreme Court of the United States.]

The President of the United States of America to the Honorable the Judges of the United States Circuit Court of Appeals for the Sixth Circuit, Greeting:

Being informed that there is now pending before you a suit in which Theodore Rectanus Company is appellant, and United Drug

Company is appellee, which suit was removed into the said Circuit Court of Appeals by virtue of an appeal from the District Court of the United States for the Western District of Kentucky, and we, being willing for certain reasons that the said cause and the record and proceedings therein should be certified by the said Circuit Court of Appeals and removed into the Supreme Court of the United States, do hereby command you that you send without delay to the said Supreme Court, as aforesaid, the record and proceedings in said cause, so that the said Supreme Court may act thereon as of right and according to law ought to be done.

Witness the Honorable Edward D. White, Chief Justice of the United States, the twentieth day of October, in the year of our Lord one thousand nine hundred and sixteen.

JAMES D. MAHER,

*Clerk of the Supreme Court of the United States.*

United States Circuit Court of Appeals for the Sixth Circuit, ss:

I, William C. Cochran, Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, do hereby certify that the transcript of the record of the proceedings of this court in the within entitled case heretofore certified by me for filing in the Supreme Court of the United States was correct and complete as the same then appeared in this court.

In pursuance of the command of the foregoing writ of certiorari I now hereby certify that on the 2nd day of December, A. D., 1916, there was filed in my office a stipulation in the above entitled case in the following words, to wit:

United States Circuit Court of Appeals for the Sixth Circuit.

THEODORE RECTANUS COMPANY, Appellant,

v.

UNITED DRUG COMPANY, Appellee.

*Stipulation as to Return to Writ of Certiorari Granted by the Supreme Court of the United States.*

Writ of certiorari having been granted on October 16th, 1916, by the Supreme Court of the United States to review the above entitled cause, it is now stipulated between counsel for the appellant and counsel for the appellee that the certified transcript of the record which is now on file in the office of the Clerk of the United States Supreme Court may be taken and considered as a return to the said writ; and that the Clerk of the United States Circuit Court of Appeals for the Sixth Circuit, with whom this stipulation shall be filed, shall, as his return to the said writ of certiorari, send a certified copy of this stipulation to the Clerk of the Supreme Court

of the United States. Done at Louisville, Kentucky, on the 1st day of December, 1916.

EMERY, BOOTH, JANNEY & VARNEY,  
WEHLE & WEHLE,

*Counsel for Appellee.*

CLAYTON B. BLAKEY, *Counsel for Appellant.*

I further certify that the above is a true and correct copy of said stipulation and of the whole thereof. Witness my official seal, signature and the seal of said Circuit Court of Appeals at the city of Cincinnati in said circuit this 9th day of December, A. D., 1916.

[Seal United States Circuit Court of Appeals, Sixth Circuit.]

WILLIAM C. COCHRAN,

*Clerk United States Circuit Court  
of Appeals for the Sixth Circuit.*

312 [Endorsed:] File No. 25341. Supreme Court of the  
United States, October Term, 1916. No. 511. United Drug  
Company vs. Theodore Rectanus Company. Writ of Certiorari.  
Filed Dec. 6, 1916. Wm. C. Cochran, Clerk.

313 [Endorsed:] File No. 25341. Supreme Court U. S., Oc-  
tober Term, 1916. Term No. 511. United Drug Co., Peti-  
tioner, vs. Theodore Rectanus Co. Writ of Certiorari and Return.  
Filed Dec. 11, 1916.



-15-  
FILED

JUN 7 1916

JAMES D. MAHER  
CLERK

No. 10 ~~511~~ 18 ~~27~~

# Supreme Court of the United States.

October Term, 1915.

UNITED DRUG COMPANY,

PETITIONER,

V.

THEODORE RECTANUS COMPANY,

RESPONDENT.

ON PETITION FOR A WRIT OF CERTIORARI TO BE  
ISSUED TO THE CIRCUIT COURT OF APPEALS  
FOR THE SIXTH CIRCUIT.

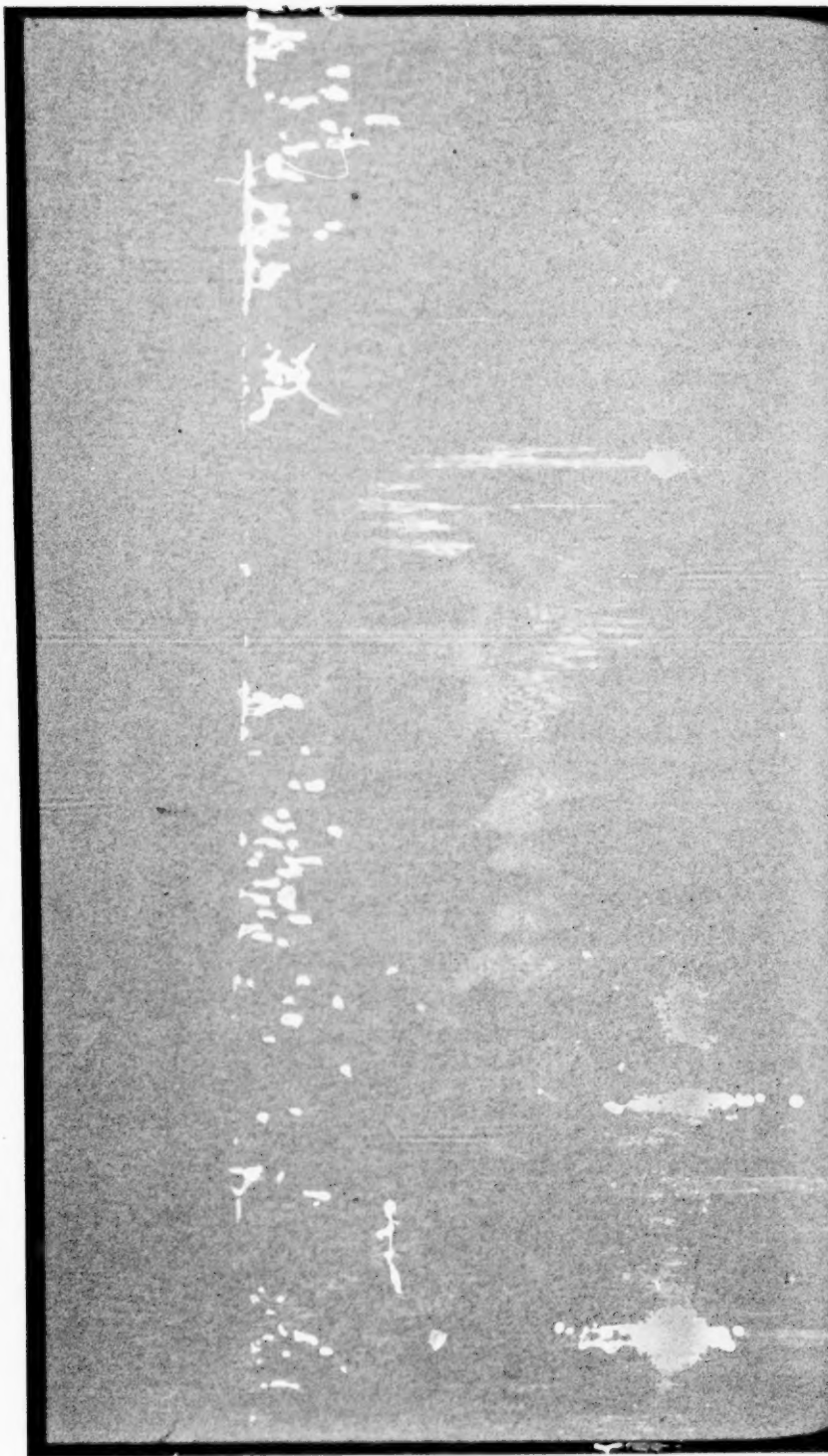
Petition for Certiorari.  
Petition of Amici Curiae.  
Brief and Argument.

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# Supreme Court of the United States.

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October Term, 1915.

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UNITED DRUG COMPANY,

PETITIONER,

V.

THEODORE RECTANUS COMPANY,

RESPONDENT.

---

ON PETITION FOR A WRIT OF CERTIORARI TO BE ISSUED  
TO THE CIRCUIT COURT OF APPEALS FOR THE  
SIXTH CIRCUIT.

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## Petition for Certiorari.

TO THE HONORABLE THE CHIEF JUSTICE AND THE  
ASSOCIATE JUSTICES OF THE SUPREME COURT OF  
THE UNITED STATES:

Your petitioner, United Drug Company, respectfully  
represents as follows:

Petitioner owns the trade-mark "Rex" for certain  
proprietary medicines, having purchased the same in  
April, 1911, from one Mrs. Ellen M. Regis, who had  
continuously used the mark since the year 1877.

On September 24, 1912, your petitioner filed its bill  
of complaint, in the United States District Court for the  
District of Kentucky, against the respondent, Theodore  
Rectanus Company, charging infringement of said

trade-mark "Rex," and praying an injunction and an accounting of profits.

The cause was tried in July, 1913, before Judge WALTER EVANS, in Louisville, Ky., upon depositions and oral testimony and argument; the trial Court refused an accounting, but ordered an injunction "*under the express mandate*," as stated in the opinion, of the Supreme Court decisions in *McLean v. Fleming*, 96 U.S. 245; *Menendez v. Holt*, 128 U.S. 514; *Saxlehner v. Eisner*, 179 U.S. 19; and *Saxlehner v. Siegel-Cooper*, 179 U.S. 42.

The respondent appealed to the United States Circuit Court of Appeals for the Sixth Circuit; and the appeal was heard upon briefs and oral argument January 15, 1915. An opinion on the appeal was handed down July 20, 1915, reversing the trial Court and ordering dismissal of the bill (Transcript, p. 198; 226 Fed. Rep. 545).

Your petitioner (then appellee-complainant) thereupon petitioned for a rehearing, which was refused. But the Court of Appeals then rendered a second opinion (Transcript, p. 288; 226 Fed. Rep. 552), stating that the decision *is without specific precedent* and further explaining the reasoning leading to the Court's new doctrine of estoppel, upon which the decision turned. The second opinion was rendered November 2, 1915. His Honor Judge DENISON wrote both opinions for the Court of Appeals.

Thereafter Judge DENISON wrote to petitioner's counsel a letter referring to this cause, and containing the following (the original letter is annexed to petitioner's original petition in this Court):

" . . . I see no impropriety in repeating to you, — and with full leave to quote me as much

as you wish, — what I said to you orally, viz: I regard the decision as *a considerable step, specifically, beyond what has been settled, and as a distinct entrance upon debatable ground*. My study of this case and of the accompanying Gaines case, has impressed me with *the confusion and uncertainty* attending cases where two persons in different parts of the country have innocently adopted the same trademark, and each has in good faith acted on the strength of his own supposed ownership; and, speaking for myself, *I should be much pleased if the Supreme Court should see fit to take up this or some other case of the same class and clarify the situation.*" (Our italics.)

The findings of fact by the trial Court and the Court of Appeals were the same in all material particulars. The difference of opinion pertained wholly to questions of law. The trial Court followed "the express mandate" of *McLean v. Fleming* and other Supreme Court decisions, *supra*; while the Court of Appeals expressly conceded that its opinion was without specific precedent, and Judge DENISON recognized in the decision "a distinct entrance upon debatable ground."

The Court of Appeals discussed fully in its first opinion the so-called Tea Rose Flour case, recently reviewed by the Supreme Court,<sup>1</sup> but did not find therein any specific precedent for the decision in this Rex case. In fact, the Tea Rose case is distinguished by vitally important circumstances. The present case must be decided, we submit, upon wholly different grounds. This subject is discussed in the appended brief.

<sup>1</sup> *Allen & Wheeler Co. v. Hanover Star Milling Co.*, 36 Sup. Ct. 357.

The facts here of record are as follows:

The trade-mark "Rex" was first adopted and used by complainant's predecessor in business, Mrs. E. M. Regis, in the year 1877, at the city of Haverhill, Mass. The first opinion of the Circuit Court of Appeals states:<sup>1</sup>

"The opinion of the Supreme Judicial Court of Massachusetts [in *Regis v. Jaynes*<sup>2</sup>] and the testimony in the present record alike impel us to the conclusion that her [Mrs. Regis'] *claim of prior right is thoroughly established*, and that before 1880 she had so adopted and so used the word that *her title thereto as a trademark — and with all the incidents of a common-law trademark — was perfected.*" (Our italics.)

Until the year 1911 Mrs. Regis and her successor were ignorant of respondent's use of the trade-mark "Rex." Although the predecessor of defendant-respondent first used the mark about 1885, he and his successor were equally ignorant, until 1911, of the use of the mark by Mrs. Regis and her successor, the United Drug Company.

Having perfected her trade-mark rights prior to 1880, Mrs. Regis then began to extend her trade as rapidly as her very limited resources would permit. She was a woman in moderate circumstances living in the small manufacturing city of Haverhill, Mass. She had so little capital that at the outset of her business she herself was obliged to mix the ingredients of the Rex remedy in her home, and to sell it about her community by personal solicitation.<sup>3</sup>

<sup>1</sup> 226 Fed. Rep. 548.

<sup>2</sup> 185 Mass. 458; 70 N.E. 480; 77 N.E. 774.

<sup>3</sup> Transcript, p. 73.

She advertised her Rex remedy in church programs; had an advertising card in the window of her home; put signs on fences; later, advertised in calendars and newspapers and by means of circulars.<sup>1</sup> This is the sort of advertising which she could do consistently with her meager capital and the small volume of her business. It would be absurd to suppose that she could have attempted any advertising that would have reached Louisville, Ky., because, obviously, she had neither the money to pay for such advertising nor the means to supply such remote markets.

Nevertheless, the fact that she did advertise considerably and increasingly demonstrates her clear *intention* to extend her business, and her *diligence* in pushing her sales into new markets as rapidly as possible within her means. Her intention and diligence were fruitful to the extent that, beginning in Haverhill, Mass., she gradually developed markets in other cities in Massachusetts; then in Maine, New Hampshire, and Vermont; and, finally, in New York, New Jersey, and Virginia, and even Canada and Nova Scotia.<sup>2</sup>

All this time Mrs. Regis contended with meager capital. It is obvious from all of the circumstances — the diligence of herself, and, later, her daughter, in advertising and in their personal effort to make sales — that, if she had commanded adequate resources, she would have entered all of the markets of the country.

There is no particle of evidence of any negligence upon Mrs. Regis' part or any intention to restrict the territory of her sales, or to refrain from entering any market which her capital would permit her to reach.

<sup>1</sup> Transcript, p. 75.

<sup>2</sup> Transcript, pp. 88-90.

There is no circumstance which could possibly justify the conclusion that Mrs. Regis was indifferent to, or was disclaiming, any market beyond those she actually reached. On the contrary, the fact is that she continually pushed her sales into new territory as rapidly as possible.

There is further evidence of Mrs. Regis' intention to assert and maintain her trade-mark rights, in the fact that she registered her trade-mark under the state law of Massachusetts on September 27, 1898. Her claim to the mark in interstate commerce was asserted in her federal registration No. 35,503, dated November 27, 1900, nearly twelve years before she learned of the defendant's adverse use of the mark.

Thus it appears that Mrs. Regis perfected a technical trade-mark right prior to 1880 (this was explicitly found by the Court of Appeals); thereafter she persistently pushed her sales into new territory and across state lines until it became a true interstate business. Ultimately, in 1900, she availed of the federal statute and obtained a registration which entitled her to all of the benefits of the statute.

In April, 1911, Mrs. Regis sold her business and the trade-mark "Rex" to your petitioner, United Drug Company, and received therefor \$100,000.

At that time United Drug Company had already established a tremendous and highly efficient organization for the distribution of its products, comprising more than five thousand retail stores, scattered all over the United States and Canada. The gross business of United Drug Company at that time was about \$6,000,000 per annum. For example, in Louisville,



Ky., four retail stores were selling United Drug Company products; also retailers in about ninety towns and cities elsewhere in Kentucky were selling those products. Every state in the country contained several retail distributors for the United Drug Company. Each said retailer had the exclusive right in his town or city to sell the United Drug Company merchandise.

Thus when the Regis business was bought in 1911 the tremendous resources and equipment of the United Drug Company were at once available for the purpose of placing the Rex remedy upon sale in all the markets of the country practically simultaneously.

Before selling out, Mrs. Regis had succeeded, despite the handicap of inadequate resources, in extending her Rex trade beyond New England, into Atlantic seaboard states, and even into Canada and Nova Scotia; and she had obtained a federal registration of her trade-mark in 1900, eleven years before she sold to the United Drug Company. Her business had grown slowly, to be sure, but the growth had been precisely that which is the wholly natural and normal result of persistent diligence handicapped by inadequate capital.

But when the United Drug Company purchased the Rex business, the obstacle of meager resources was removed, and the diligence and ambition to expand the trade, which had always existed, were, for the first time in the history of the trade-mark, given a free field. The immediate result was a sudden extension of the Rex trade into every state in the country.

Incidentally to this rapid extension petitioner's Rex remedy was placed on sale in four retail stores in Louisville, Ky., where, in the fall of 1911, it encountered for

the first time the competition of the defendant-respondent's Rex remedy. On May 10, 1912, for example, your petitioner's Rex remedy was advertised in the Louisville (Ky.) "Evening Post" (a daily newspaper), as shown in Exhibit Isaac No. 4.<sup>1</sup> At the same time defendant-respondent was selling its competing Rex remedy at its single retail store in Louisville and was advertising the same in the Louisville daily newspapers.<sup>2</sup>

Thus, many months before this suit was brought, vigorous competition existed between the parties in the same market under the same trade-mark, "Rex." And this competition had resulted from the bona-fide, natural growth and extension of the original Regis Rex trade — a gradual growth at first, because of Mrs. Regis' inadequate resources, and then a rapid growth when the United Drug Company had bought the business.

The predecessor of defendant-respondent, Theodore Rectanus, had first used the trade-mark "Rex" about 1885. The Court of Appeals, in its first opinion,<sup>3</sup> said, referring to Rectanus:

" . . . He began this use about 1883, and it is safe to say that, as early as 1885, he had used the mark so considerably in Louisville that — save for Mrs. Regis' prior adoption — it clearly would have become his rightfully exclusive trade-mark."

This use continued upon a small, local scale until some time late in 1911, when the parties hereto each learned for the first time of the other's use of "Rex."

<sup>1</sup> Transcript, p. 124.

<sup>2</sup> Transcript, p. 127.

<sup>3</sup> 226 Fed. Rep. 548.

From its inception defendant's Rex business has been uniformly small and principally confined to the city of Louisville. Mr. Theodore Rectanus himself had early advertised, somewhat, outside of Louisville and of Kentucky; for example, in Pittsburgh and in the East — in New York, to the best of his recollection. The Eastern advertising agent accepted defendant's Rex preparation in payment of his fees. So, to some extent, defendant's remedy had entered interstate commerce. But the evidence shows that defendant's business was always of insignificant volume, and transacted almost entirely through defendant's single drug store in Louisville. Even in more recent days, as testified by defendant's manager, Mr. Dralle,<sup>1</sup> he had merely kept up the advertising "occasionally," and had had sales during the spring and fall, and "some little during the entire year;" the business had remained about the same, although it had not ceased altogether.

It appears, therefore, that when this suit was brought the conditions in Louisville were these:

The large and well-organized business of United Drug Company, founded upon the Rex trade-mark of the first user, had occupied all of the states of the country, and incidentally had entered Louisville and there come into competition with the small, local business of a later adopter of the same trade-mark. The competition between these users of the same trade-mark in the same market created at once that menace to the public interest which Courts of equity have always been solicitous to suppress at the suit of the original user of the trade-mark; the public was at once threatened, and has ever

<sup>1</sup> Transcript, p. 129.

since been threatened, with confusion and deception. The advertising of the complainant's Rex product could not but stimulate the demand for another product known by that same name and having the advertised properties, and thereby create an inducement and opportunity for the defendant and its clerks to make fraudulent substitutions. The great traveling public of the United States, encountering complainant's advertisements of its Rex remedy throughout the country, were liable to confusion and deception upon reaching Louisville and being confronted with competitive remedies bearing the same name, "Rex."

The situation presented by this case is well summarized in the opinion of the trial Court<sup>1</sup> as follows (our italics):

"In our broadly extended country the separate and independent use of these two trade-marks ran along contemporaneously in widely separated localities without either of the parties most interested knowing what the other was doing, until a comparatively few months before this action was brought. The judgment in this case, we think, must necessarily work a hardship upon one or the other of the parties, and possibly upon both. But, notwithstanding that probable result, we are clearly of the opinion that the facts stated require us, *under the express mandate of the authorities presently to be cited*, to hold that the right of the plaintiff to the exclusive use of the word 'Rex' in connection with medicinal preparations for dyspepsia and kindred diseases of the stomach and digestive organs must

<sup>1</sup> Transcript, p. 54.

be sustained. The following, among many cases, while *requiring that judgment*, also show that, while an injunction against the future use of the word 'Rex' in connection with the character of preparations indicated should be granted, no accounting for profits, nor any assessment of damages for unfair trade, need, on the facts found, be decreed: *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19-39; *Saxlehner v. Siegel-Cooper Co.*, 179 U.S. 42; *Menendez v. Holt*, 128 U.S. 514; *McLean v. Fleming*, 96 U.S. 245."

Your petitioner submits the following as the principal reasons why this cause should be reviewed by the Supreme Court:

1. The decision by the Circuit Court of Appeals is in direct conflict with the decisions of the Supreme Court in *McLean v. Fleming*,<sup>1</sup> *Menendez v. Holt*,<sup>2</sup> and other cases. The trial Court followed "the express mandate" of these decisions in deciding for petitioner; while the Court of Appeals failed to perceive the controlling force of those decisions, and reversed the trial Court.

2. The decision of the Circuit Court of Appeals would inject into trade-mark jurisprudence an unprecedented doctrine of estoppel which is not only in conflict with the Supreme Court decisions just cited, but is inconsistent with the entire body of the law of estoppel.

3. The decision of the Court of Appeals would inevitably perpetuate deception and confusion of the purchasing public and fraudulent substitution of merchandise, by sanctioning the continued concurrent use in the same

<sup>1</sup> 96 U.S. 245.

<sup>2</sup> 128 U.S. 514.

market of the same trade-mark by rival traders. It is precisely this deception and confusion of the public which Courts of equity have ever been solicitous to prevent by injunction. Nevertheless, the Court of Appeals, in spite of its two opinions, has ignored this aspect of the case, and has sacrificed the public interest merely to sustain the supposed rights of a defendant whose business up to the present time has been conducted through a single retail store and whose sales have not extended materially beyond the city of Louisville, Ky.

4. The present Rex case is essentially distinguished from the Tea Rose case recently reviewed by the Supreme Court, but the superficial similarity between the two cases will cause them to be confused inevitably unless the situation be clarified by a further decision of the Supreme Court in the present case.

5. The doctrines announced by the Circuit Court of Appeals not only disregard the purpose of protecting the public against deception and confusion, but also intolerably menace the stability and security of trade-mark property generally. The tremendous commercial importance of trade-marks — the enormous capital investment which they represent in this country — renders the questions here presented of far graver importance than are the individual interests of these particular litigants.

6. The great public concern in the subject-matter of this litigation is attested by the petition of *amici curiae* hereto annexed and signed by members of the United States Trade-Mark Association and others, which petition the Court is respectfully invited to read.

The several matters just referred to will be more fully discussed in the appended brief and argument.

Wherefore your petitioner respectfully prays that a writ of certiorari issue out of and under the seal of this Honorable Court, directed to the United States Circuit Court of Appeals for the Sixth Circuit, commanding the said Court to certify to this Honorable Court, on a date certain to be therein designated, a full and complete transcript of the record of proceedings of the said Circuit Court of Appeals for the Sixth Circuit in the said case there entitled "*Theodore Rectanus Co., Appellant, v. United Drug Co., Appellee*, No. 2551," to the end that the said cause may be reviewed and determined by this Honorable Court; and that said petitioner may have such other and further relief in the premises as to this Court may seem proper and as the nature and circumstances of the case may require; and that the said judgment and decree of the Circuit Court of Appeals for the Sixth Circuit in said cause may be reversed by this Honorable Court.

And your petitioner will ever pray.

Respectfully submitted,

ALEXIS C. ANGELL,  
FREDERICK L. EMERY,  
LAURENCE A. JANNEY,

Counsel for Petitioner.

EMERY, BOOTH, JANNEY & VARNEY,

ANGELL, BODMAN & TURNER,

Of Counsel for Petitioner.



STATE OF MASSACHUSETTS } ss.  
COUNTY OF SUFFOLK }

Frederick L. Emery, being duly sworn, says that he is one of the counsel for United Drug Company, the petitioner herein; that he participated in the preparation of the foregoing petition and is familiar with the contents thereof; and that the allegations thereof are true, as he verily believes.

FREDERICK L. EMERY.

Subscribed and sworn to before me by Frederick L. Emery this 1st day of June, 1916.

ROBERT H. KAMMLER,  
Notary Public.

# Supreme Court of the United States.

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October Term, 1915.

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UNITED DRUG COMPANY,  
PETITIONER,

V.

THEODORE RECTANUS COMPANY,  
RESPONDENT.

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ON PETITION FOR A WRIT OF CERTIORARI TO BE ISSUED  
TO THE CIRCUIT COURT OF APPEALS FOR THE  
SIXTH CIRCUIT.

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## Petition of Amici Curiae.

TO THE HONORABLE THE CHIEF JUSTICE AND THE AS-  
SOCIATE JUSTICES OF THE SUPREME COURT OF THE  
UNITED STATES:

The undersigned respectfully pray that the following petition, offered by them as *amici curiae*, be received and considered by this Honorable Court as bearing upon the great and general public importance of the issues presented upon the petition for a writ of certiorari filed by the United Drug Company, petitioner, in the above-entitled cause.

And your petitioners respectfully represent as follows:  
Each of the undersigned petitioners<sup>1</sup> is a member of

<sup>1</sup> With a few indicated exceptions.

the United States Trade-Mark Association, an organization of vendors of merchandise which is sold largely under extremely valuable trade-marks. One of the purposes of said organization is to apply the co-operative effort of the members to the safeguarding of the rights and interests of trade-mark owners and the general public in matters affecting trade-marked merchandise.

It is of the utmost importance to the undersigned petitioners and, we submit, to the general public that the confusion which now exists in the law touching territorial limitations of enforceable trade-mark rights be clarified, to the end that those vendors who must follow the general course of adopting from time to time new trade-marks may be definitely informed as to the measures necessary to be adopted to secure adequate protection for their rights.

To a certain extent the confusion referred to has been clarified by the recent decision of the Supreme Court in the so-called Tea Rose Flour case;<sup>1</sup> but petitioners understand that the decision in that case turned upon the peculiar facts involved, among which those of principal importance were the following:

1. The complainant in the Tea Rose case had deliberately withheld its Tea Rose trade-mark from the defendant's territory, and had refrained from competing with the defendant under the Tea Rose mark, although that complainant *had invaded the defendant's market with other and different trade-marks.*

2. The fact that the complainant had refrained from entering defendant's territory with the Tea Rose mark,

<sup>1</sup> *Allen & Wheeler Co. v. Hanover Star Milling Co.*, 36 Sup. Ct. 357.

although it could have done so at various times (as demonstrated by its invasion of defendant's market with other trade-marks), so clearly indicated the complainant's intention to abandon or permanently relinquish the defendant's territory, so far as concerns the Tea Rose mark, as to create actual estoppel by abandonment.

3. The fact that the parties in the Tea Rose case had never used their conflicting trade-marks concurrently in the same market eliminated from the issues of that litigation all question of the right of the public to be protected from confusion and deception; the issues were confined to the rights of the individual litigants alone.

Your petitioners understand that the doctrines announced in the Supreme Court's Tea Rose decision should control any circumstances like those just referred to. But your petitioners are advised by counsel that these doctrines do not apply to the facts in this present case of *Rectanus Co. v. United Drug Co.*, in which, as your petitioners are advised and believe, the facts are importantly different — for instance, in the following respects:

1. The trade of the complainant in this Rex case, in the course of a natural growth, finally entered the defendant's territory, where *vigorous competition had begun many months before the suit was entered*. This situation introduced a new element, not involved in the Tea Rose case, to wit, the right of the purchasing public to be protected from confusion and deception by the concurrent use by the rival traders of the trade-mark "Rex" in the same market.

2. The complainant and its predecessor in this Rex case had done nothing to indicate an intention to refrain from entering the defendant's market. On the contrary, the complainant's predecessor had extended the initially small Rex business into new markets as rapidly as could be, considering inadequate capital; while immediately upon the purchase of the business by the complainant, United Drug Company, the expansion of the Rex trade (assisted by the new capital and facilities then for the first time available) resulted in the introduction of the Rex merchandise into all the markets in the country. In other words, the history of the complainant's Rex business is the normal and natural history of any business, under a trade-mark, which, starting in a small way and with inadequate capital, can have only a slow and gradual initial growth, but grows rapidly when new and sufficient capital is supplied.

3. The complainant's trade-mark "Rex" had been registered in the United States Patent Office in 1900 — at least eleven years before complainant first learned of defendant's adverse use. This registration under the statute certainly injects into the Rex case an important element which was not involved in the Tea Rose case.

The foregoing are not the only facts which distinguish the Tea Rose case from this Rex case; but to exemplify the great confusion which exists in the minds of your petitioners and other trade-mark owners in view of the Court of Appeals' decision in the Rex case — a confusion which is not clarified by the decision in the Tea Rose case — we invite attention to the following:

The Circuit Court of Appeals in the Rex case has

turned its decision upon the finding that complainant's predecessor, Mrs. Regis, "was guilty of some neglect toward the public or toward the class of which Rectanus was a member . . ." (226 Fed. Rep., at 552). Elsewhere the Court of Appeals has implied that the slow growth of Mrs. Regis' business was not a matter of "natural development," but was abnormally slow and unnatural. But Mrs. Regis and her successor, the United Drug Company, were consistently diligent, each employing its facilities and capital to the utmost, and were successful in extending the Rex trade into interstate commerce, and into a steadily increasing number of markets, and finally into the defendant's market; and this history corresponds exactly, your petitioners submit, to the normal and expected course of development of any business which at first is not sufficiently financed. Your petitioners perceive no other substantially different course of development of a business which at first is hampered by small capital. Therefore your petitioners are altogether uncertain and confused as to what is to be considered an unnaturally retarded development involving "some neglect toward the public."

Also the Court of Appeals has said that complainant's predecessors "were bound to know that others were likely to act upon the assumption that the field was open and that their silence would mislead anyone who did act in reliance on that assumption" (226 Fed. Rep. 550). But the Court of Appeals did not charge the defendant with any corresponding burden, but apparently left the defendant free to proceed on a mere assumption, without taking any precaution or owing any obligation to ascertain whether there were out-

standing adverse prior rights. Therefore your petitioners are wholly uncertain and confused as to whether, in adopting a new trade-mark, they may safely proceed with the use of the new mark — being ignorant of any prior adverse use — upon the assumption that their continued use may grow into a perfected defensive right. In other words, your petitioners are wholly uncertain as to whether they must by exhaustive investigation and advertisement protect themselves against *later* users having *later equities*, although they may rely upon their mere ignorance of *prior* users who have *prior equities*. These questions were not decided in the Tea Rose case, because therein it was the affirmative abandonment of defendant's territory by the complainant upon which the decision turned, and not merely the failure of the naturally growing business to reach the defendant's market early enough to satisfy the requirements suggested by the Court of Appeals in this Rex case.

In its opinion on petition for rehearing in this Rex case (226 Fed. Rep., at 553) the Circuit Court of Appeals suggests that the complainant's predecessor might have safeguarded the Rex rights by "a small expense in trade journal advertising," which would enable "the trade mark proprietor to put his article and its name before the entire trade." But the Tea Rose case had undoubtedly settled the rule that a trade-mark right is not enforceable in a market to which the trade-mark has never been transported by the actual trade. That being the case, your petitioners are wholly confused and uncertain as to whether (when the meager resources of a trade-mark owner prohibit for a time his entering more



than a few states) that trade-mark owner nevertheless owes a duty to the public to advertise his trade-mark in the public prints throughout the country and in territory which his trade has been unable to reach, simply to give notice of a supposed right which, however (under the Tea Rose decision), may be unforcible in a large part of that territory.

So far as your petitioners are aware, no decision except that of the Court of Appeals in the Rex case has suggested any obligation on the part of a trade-mark owner to advertise his claim, by way of notice, in territory which that owner, because of the handicap of insufficient capital, cannot hope to reach with his actual trade for perhaps a number of years. Nevertheless, your petitioners, and all other persons who may adopt new trade-marks, are left altogether in doubt as to how they can protect their trade-marks, in the early stages of use, by adequate notice; how extensively the notice must be disseminated; how frequently it must be issued; how long a lack of notice may continue without defeating the claim of ownership.

Your petitioners have noted in a multitude of trade-mark decisions the great care with which the Courts have sought to protect the public against the inevitable confusion and deception which result from the competitive use in the same market of the same trade-mark by rival traders. But the decision of the Court of Appeals in this Rex case evidently sanctions the use of the identical trade-mark "Rex" in the markets of Louisville, Ky., by the competing parties to this litigation. Hence your petitioners are wholly uncertain as to whether the public interest is now to be considered of negligible importance, or whether the defendant,

Theodore Rectanus Company, is to be considered as having an affirmative right which may be enforced against the United Drug Company (although the United Drug Company was the first to adopt and use the mark in controversy) in order to exclude one of the competing marks from defendant's market.

Your petitioners perceive a superficial similarity between the facts of the Tea Rose case and the facts of this Rex case; and they verily believe that, in spite of the fundamentally important differences in the facts, which are pointed out above, such similarity will greatly increase the confusion already existing, unless the present Rex case be reviewed by the Supreme Court, and either be distinguished from or be reconciled with the Tea Rose case.

In conclusion, your petitioners respectfully submit that the issues presented by the petition for certiorari in the Rex case are of tremendous importance, not only to the particular litigants, but also to every person who may desire to adopt and use a new trade-mark, and particularly to every person, however enterprising and diligent, who may desire to start a business under a trade-mark, with small capital at the outset, but with the expectation and hope of developing the trade and good-will under the trade-mark to large proportions.

Wherefore your petitioners pray that, in the interests not only of these litigants but also of all existing and prospective trade-mark users, the petition for certiorari in this case of Theodore Rectanus Company against United Drug Company be granted, and that the decision of the Circuit Court of Appeals be reviewed, to the

end that the novel questions presented may be settled definitely one way or the other for the information and guidance of trade-mark proprietors generally.

And your petitioners will ever pray.

Respectfully submitted,

THADDEUS DAVIDS INK CO., INC.,

[Manufacturer of Inks,]

R. R. ROWE,

V.P. & G.M.

THE BON AMI COMPANY,

[Owner of the trade-mark "Bon Ami" for a  
Cleaning Material,]

R. V. FICKER,

Assistant Treasurer.

THE CELLULOID COMPANY,

[Owner of the trade-mark "Celluloid,"]

CARLETON MONTGOMERY,

Treasurer.

AEOLIAN COMPANY,

[Manufacturer of Musical Instruments and  
owner of trade-marks "Pianola," "Metro-  
style," "Themodist," etc.,]

By GEO. D. BEATTYS,

Attorney.

HIMROD MANUFACTURING COMPANY,

[Manufacturer of Medicinal Preparations,]

OREN S. PINCKNEY,

President.

AMERICAN PIANO COMPANY,<sup>1</sup>

[Manufacturer of the Knabe and Chickering  
and other Pianos, and owner of various trade-  
marks,]

W. B. ARMSTRONG,  
Vice President.

ESSEX RUBBER CO.,<sup>2</sup>

[Manufacturer of Rubber Soles and Heels,]

By CLIFFORD H. OAKLEY,  
President.

L. E. WATERMAN COMPANY,

[“Waterman’s Ideal” Fountain Pens,]

By F. D. WATERMAN,  
President.

PACKER MANUFACTURING COMPANY,

[Packer’s Tar Soap,]

By EDWARD A. OLDS,  
Proprietor.

ANDREAS SAXLEHNER,

[“Hunyadi Janos” Mineral Water,]

By CHARLES E. ENSKO,  
Manager.

<sup>1</sup>American Piano Company is not a member of the United States Trade-Mark Association, but otherwise joins in this petition.

<sup>2</sup>Essex Rubber Company is not a member of the United States Trade-Mark Association, but otherwise joins in this petition.

CORN PRODUCTS REFINING COMPANY,  
[“Karo” Corn Syrup and “Mazena” Corn  
Starch,]

By F. T. FISHER,  
Secretary.

AMERICAN TOBACCO COMPANY,<sup>1</sup>  
[User of many Tobacco, Cigarette, and Cigar  
trade-marks,]

By JUNIUS PARKER,  
Counsel.

A. G. HYDE & SONS,  
[“Heatherbloom” and “Hydegrade” Silks and  
Petticoats,]

By W. H. STONAKER,  
Treasurer.

CARTER MEDICINE COMPANY,  
[Carter’s Little Liver Pills,]

By J. J. GOOD,  
President.

WRIGHT INDIAN VEGETABLE PILL  
COMPANY,  
[Medicinal Preparations,]

By J. A. MITCHELL,  
Manager.

VAPO CRESOLINE COMPANY,  
[“Vapo Cresoline,”]

By ALBION L. PAGE,  
President.

<sup>1</sup> American Tobacco Company is not a member of the United States  
Trade-Mark Association, but otherwise joins in this petition.

STANLEY WORKS,

[Tools; Builders' Hardware,]

By S. W. PARSONS,  
Manager.

G. & C. MERRIAM COMPANY,

[Webster's Dictionary,]

By K. N. WASHBURN,  
Treasurer.

SAMUEL CABOT, INC.,

[Shingle Stains,]

By SAMUEL CABOT,  
President.

THOMAS G. PLANT COMPANY,

[“Queen Quality” and “Dorothy Dodd” Shoes,]

By F. R. BRIGGS,  
Treasurer.

GILLETTE SAFETY RAZOR CO.,

[Gillette Razors,]

By THOMAS W. PELHAM,  
General Counsel.

CHESTER KENT & CO.,

JAMES T. WETHERALD,  
President.

THE ESTABROOK STEEL PEN MFG. CO.,

J. HENRY LONGMAID,  
President.

SHEFFORD CHEESE CO.,

By FRED. W. CHESHIRE,  
Vice President.

WARREN BROTHERS CO.,

By HEAD, DRINKWATER & CROFTS,  
Solicitors.

E. I. DU PONT DE NEMOURS & CO.,

per IRÉNÉE DU PONT,  
V. P.

THE BARRETT COMPANY,

[ "Tarvia," ]

THOMAS N. RIANHARD,  
Vice Prest.

GEORGE E. KEITH COMPANY,

[Shoes, ]

By ELDON B. KEITH,  
Treasurer.

FLORENCE MFG. CO.

[ "Pro-phy-lac-tic " Tooth Brushes, etc., ]

J. P. BOYLE,  
Manager.

MERCK & CO.,

By CHAS. A. DARIUS,  
Counsel.

THE WARNER BROTHERS CO.,

By LUCIEN T. WARNER,  
Secy.



THE HOFFMAN-LA ROCHE CHEMICAL  
WORKS,  
By CHARLES BROOKS,  
Manager.

STANDARD MILLING CO.,  
By A. P. WALKER,  
Presdt.

CHURCHILL & ALDEN COMPANY,  
F. P. ALDEN,  
Treas.

THE PILLSBURY FLOUR MILLS COMPANY,  
By A. F. PILLSBURY,  
Treasurer.

DR. KILMER & CO.,  
J. B. HADSELL,  
Treas.

WALTHAM WATCH COMPANY,  
HARRY L. BROWN,  
Treasurer.

THE GENERAL FIREPROOFING CO.,  
By A. P. WHITE,  
Vice President.

# Supreme Court of the United States.

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October Term, 1915.

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UNITED DRUG COMPANY,

PETITIONER,

V.

THEODORE RECTANUS COMPANY,

RESPONDENT.

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ON PETITION FOR A WRIT OF CERTIORARI TO BE ISSUED  
TO THE CIRCUIT COURT OF APPEALS FOR THE  
SIXTH CIRCUIT.

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## Brief of Petitioner, United Drug Company.

MAY IT PLEASE THE COURT:

The facts at bar have been explained in sufficient detail in the foregoing petition for certiorari.

The striking facts are these: Your petitioner's predecessor was the first to adopt and use the mark; and thereafter the Rex trade was pushed, in absolute good faith, as rapidly as possible with inadequate capital. Your petitioner and its predecessor were utterly ignorant of the defendant's use until shortly before this suit was brought. Several months before this suit was brought the growth of petitioner's Rex business had transported the mark to all the states of the country,

including respondent's territory where vigorous competition immediately ensued, threatening the public with confusion and deception.

The trial Court found for your petitioner (complainant) upon "the express mandate" of the Supreme Court decisions in *McLean v. Fleming* and other cases (*post*).

The decision by the Court of Appeals against your petitioner rested upon a wholly unique doctrine of estoppel (without specific precedent, as conceded by the Court) for which no parallel can be found in the law of trade-marks or elsewhere. As shown by Judge DENISON's letter, the decision was "a distinct entrance upon debatable ground."

This case is clearly distinguished from the Tea Rose Flour case, decided by the Supreme Court March 6, 1916 (*Allen & Wheeler Co. v. Hanover Star Milling Co.*); and the distinctions reside in facts of vital importance which require the two cases to be decided upon wholly different lines of reasoning.

The opinion of the Supreme Court in the Tea Rose case quoted with approval the Court of Appeals for the Seventh Circuit, as follows (208 Fed. Rep. 519; 224 O.G. 1411):

"Since it is the trade, and not the mark, that is to be protected, a trademark acknowledges no territorial boundaries of municipalities or states or nations, but *extends to every market where the trader's goods have become known and identified by his use of the mark.* But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article." (Our italics.)

The last sentence of the excerpt just quoted applied directly to the Tea Rose case. The complainant there had never used the Tea Rose mark in any market occupied by the defendant; there had been no competition between the parties; and therefore the complainant's trade, and consequently its trade-mark, as well as the purchasing public, required no protection, and received none.

In the present case, however, complainant's trade under the trade-mark, in the course of a natural *bona-fide* growth, entered the defendant's territory (Louisville, Ky.) many months before this suit was brought; complainant's goods were immediately made known to the Louisville public, and were identified by the use of complainant's mark; and then and there complainant and defendant engaged in vigorous competition, under the same trade-mark, "Rex," in the same market.

Thus the very distinction pointed out by the Circuit Court of Appeals for the Seventh Circuit, and approved by the Supreme Court in the excerpt quoted, is one of the fundamental distinctions between the case at bar and the Tea Rose case.

Furthermore, a matter of vital interest to the general public is involved in the present case which was not in any degree involved in the Tea Rose case.

In the Tea Rose case the parties had *never competed* in any market under the mark in controversy; therefore the *Tea Rose case did not involve the need of the public to be protected against deception, confusion, and fraudulent substitution*, but involved only the individual property rights of the litigants. On the other hand, when the present suit began, vigorous competition had

existed for many months in Louisville, Ky., between the parties hereto, as rival traders, both using the trade-mark "Rex." Thus the present suit involves a matter of great public interest which was wholly lacking in the Tea Rose case, viz., that right of the public to be protected against deception and confusion which Courts of equity have always zealously safeguarded.

Moreover, neither party to the Tea Rose case had a registered trade-mark, whereas the present suit was founded upon the complainant's trade-mark "Rex," registered in the United States Patent Office.

Again, in the Tea Rose case the complainant was found to have committed an *actual abandonment* of the defendant's markets, and to have created thereby an estoppel. But in the present case there was no abandonment by complainant or its predecessors of any market, nor any act indicating an intention or willingness to refrain from entering any market in the country.

In the Tea Rose case the complainant had committed affirmative acts demonstrating its intention deliberately to withhold its Tea Rose trade from defendant's markets; had *there used other marks instead of "Tea Rose;"* and even up to the time suit was brought had wholly refrained from competing with defendant under the Tea Rose mark.

Such deliberate acts are not to be compared with the circumstances of this Rex case, wherein the business, from the outset in 1877, gradually invaded new territory, and, finally, in the course of a natural growth, reached defendant's territory and there encountered competition under the same mark.

The Court of Appeals' opinion in the present case discussed fully the decision by the Circuit Court of Appeals for the Seventh Circuit in the Tea Rose case, but nevertheless stated that its conclusion in this Rex case "*was without specific precedent.*"<sup>1</sup> Similarly, the Supreme Court has said that no other case has been found precisely like the Tea Rose case. Each, then, of the Tea Rose and Rex cases is unique in its important bearing upon trade-mark jurisprudence. The very fact that the two cases may seem analogous when first considered requires, we submit, that the Rex case be fully reviewed by the Supreme Court, so that the controlling distinctions between the two cases and the different rules necessary to be applied to them shall be made unmistakably clear.

As already stated, there were two opinions by the Court of Appeals in the present case; both were written by his Honor, Judge DENISON. In spite of the fact that the Court had considered with evident care the Tea Rose Flour case, among others, Judge DENISON wrote to complainant's counsel the letter quoted in the present petition and stating that his Honor regarded the decision "*as a considerable step, specifically, beyond what has been settled, and as a distinct entrance upon debatable ground.*" Thus, obviously, Judge DENISON recognized important distinctions from the Tea Rose case.

The point we desire to emphasize here is that the Supreme Court has not, by deciding the Tea Rose case, settled expressly or by implication the fundamentally important questions now for the first time presented to the Court. This will appear more fully hereinafter.

<sup>1</sup> 226 Fed. Rep. 552.

We recognize that the Supreme Court will not undertake to review cases of this sort unless they involve questions of gravity and general importance. But the present case is especially important to be reviewed, for the following reasons:

1. The decision of the Circuit Court of Appeals is in conflict with the decisions of the Supreme Court in *McLean v. Fleming*,<sup>1</sup> and *Menendez v. Holt*,<sup>2</sup> and other cases (*post*).

2. The decision of the Circuit Court of Appeals would inject into trade-mark jurisprudence an unprecedented doctrine of estoppel which is not only condemned by the Supreme Court in the cases just cited, but is inconsistent with the entire body of the law of estoppel.

3. The present *Rex* case is essentially distinguished from the *Tea Rose* case, but the two will be confused inevitably unless the situation be clarified by a further decision of the Supreme Court.

4. The decision of the Court of Appeals would inevitably perpetuate deception and confusion of the purchasing public, and fraudulent substitutions of merchandise, by sanctioning the continued concurrent use in the same market of the same trade-mark by competitive traders.

5. The doctrines announced by the Circuit Court of Appeals not only disregard the purpose of protecting the public against deception and confusion, but also intolerably menace the stability and security of trade-mark property generally. The tremendous commercial importance of trade-marks—the enormous capital investment which they represent in this country —

<sup>1</sup>96 U.S. 245.

<sup>2</sup>128 U.S. 514.

render the questions here presented of far graver importance than are the individual interests of these particular litigants. This is clearly shown by the petition of *amici curiae* (*ante*), signed by parties whose trade-marks aggregate a tremendous value.

### THE DECISIONS BELOW.

The District Court and the Court of Appeals substantially agreed upon their findings of fact; their only difference was upon the rules of law to be applied.

The District Court (206 Fed. Rep., at page 572) held that the defendant must be enjoined "under the express mandate of the authorities cited," viz., *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19-39; *Saxlehner v. Siegel-Cooper Co.*, 179 U.S. 42; *Menendez v. Holt*, 128 U.S. 514; *McLean v. Fleming*, 96 U.S. 245. Further following these decisions, the trial Court, while ordering an injunction, declined to order an accounting.

Thus the trial Court accepted the rules laid down in these cases as controlling in the premises, and in doing so interpreted those decisions precisely as they had been interpreted for many years by those who have specialized in the law of trade-marks.

The Circuit Court of Appeals made no reference to these Supreme Court decisions in the first opinion, but in the second opinion the Court attempted to distinguish by the fact that the defendants in *McLean v. Fleming*, *Menendez v. Holt*, and *Saxlehner v. Eisner* had not acted innocently, while in *Saxlehner v. Siegel-Cooper Co.*, although the defendant had been innocent, that was nevertheless immaterial.



But this matter of knowledge upon the part of the defendant does not afford a valid distinction. It is true that the defendants in three of the cases cited happened to have known of the complainants' trade-marks; but the Supreme Court did not treat those facts as controlling, and it is the clear purport of the decisions that the complainants' rights would have been the same if each party had proceeded in ignorance of the other's acts. In fact, *it is expressly found in the Siegel-Cooper case that the defendant's innocence did not exonerate it from the charge of infringement nor relieve it from liability to injunction* (179 U.S. 43).

One of your petitioner's main contentions is that the Supreme Court decisions in the cases just cited should control in the present case; it seems expedient, therefore, to analyze these decisions at this point. They will be discussed in chronological order.

*McLean v. Fleming*, 96 U.S. 245:

In this case the complainant had been the first to adopt the mark, but the respondent had been preparing and selling his merchandise for more than forty years, and (quoting from page 257):

" . . . during that period, or more than half of it, he had been using labels and trademarks corresponding more or less to those used by the predecessors of the complainant, some of whom, during all or most of that time, knew what the labels and trademarks were which were used by the respondent, the evidence to that effect being full and decisive.

"Negotiations took place at one time between

the respondent and one of the predecessors of the complainant for an interchange of commodities, with a view that both commodities might be sold at each of their respective places of business.

“Evidence of a decisive character is exhibited in the record to show that the complainant or his predecessor *knew throughout what description of labels and trademarks the respondent was using; and it does not appear that any objection was ever made, except as heretofore stated and explained.* Once the respondent was requested to insert the initials of his Christian name before his surname, in the label; and it appears that he immediately complied with the request.” (Our italics.)

Beyond question, that respondent had acted innocently and in good faith. He was not ignorant of the complainant's situation; but ignorance is by no means prerequisite to innocence. Complainant's own behavior—his complacent acquiescence for twenty years or more—amply encouraged and justified respondent's confidence in the propriety of his conduct. The fact that the communications of the parties drew from the complainant only minor objections, which were at once complied with, could not but beguile the respondent into a sense of security in his supposed rights, and exonerate him from any charge of *intentional* wrong-doing.

But, nevertheless, his innocence and good faith could not exonerate him from the charge of trade-mark infringement which rests upon a respondent's *ability* (not his intention) to palm off his goods by means of a trade-mark like complainant's. And the fact of infringement, alone, constrained the Court to order injunctive relief —

in spite of complainant's long-standing conscious consent to respondent's acts.

The Court said (at page 258; our italics):

“*Acquiescence of long standing* is proved in this case, and *inexcusable laches* in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a decree for gains or profits; but *infringement having been proven*, showing that the injunction was properly ordered, he is entitled to the costs in the Circuit Court; . . .”

Again, the Court said (at page 253):

“Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, *where the proof of infringement is clear*, even though the delay may be such as to preclude the party from any right to an account for past profits. *Rodgers v. Rodgers*, 31 L.T. 285; *Blackwell v. Crabb*, 45 L.J. Pt. I. 505.

“Positive proof of fraudulent intent is not required where *the proof of infringement is clear*, as the liability of the infringer arises from the fact that he is *enabled*, through the unwarranted use of the trademark, to sell a simulated article as and for the one which is genuine. *Wotherspoon v. Currie*, Law Rep. 5 App. Cas. 512.”

Thus, although the complainant's conscious acquiescence for twenty years had been known to and relied upon *in good faith* by respondent, nevertheless the Supreme Court sanctioned complainant's repudiation of that acquiescence because respondent had infringed;

because "the liability of the infringer arises from the fact that he is *enabled* [however innocent his intention]" to substitute his goods for the complainant's.

The infringer is not "enabled" to substitute his goods for the genuine except when the conflicting trade-marks meet in *actual competition*. Hence the doctrine just stated is not in any degree inconsistent with the decision in the Tea Rose case, where there was no competitive use of the trade-marks and therefore no infringement.

We have already stated that the Court of Appeals in the case at bar attempted to distinguish *McLean v. Fleming* on the ground that the respondent there had been found guilty of fraud. That, we submit, is an erroneous interpretation.

The respondent in the McLean case, who, for twenty years, innocently and in good faith, relied on complainant's known acquiescence, was no more guilty of fraud than was Rectanus, who, without taking any precaution whatever or making any investigation, proceeded upon the mere unsupported and unjustified assumption that no prior right existed. There is no such difference in the positions of these two respondents as would lead to the McLean decision on the one hand and justify the finding of estoppel against your petitioner on the other hand.

And as to the complainants, he in the McLean case was vastly more culpable than were your petitioner and its predecessor. If the former was entitled to an injunction, then much more so is your petitioner.

*Menendez v. Holt*, 128 U.S. 514:

This decision explains and amplifies that in *McLean*

v. *Fleming*, *supra*. Here (p. 523) the Court declined to modify the general proposition laid down in *McLean v. Fleming*.

The Court said (at page 523; our italics):

"The intentional use of another's trademark is a fraud; and when the excuse is that the owner permitted such use, *that excuse is disposed of by affirmative action to put a stop to it*. Persistence then in the use is *not innocent*; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked. *Mere delay or acquiescence cannot defeat the remedy by injunction* in support of the legal right, unless it has been continued so long and under such circumstances *as to defeat the right itself*."

In other words, although the attendant circumstances may have rendered a defendant's trade-mark use innocent, the innocent character thereof terminates when affirmative action is taken to put a stop to it. After such affirmative action is begun the defendant's use then becomes intentional and therefore fraudulent.

The substance of the Court of Appeals' opinion in this *Rex* case is that the defendant, Rectanus, had a right to assume that he was entitled to continue using the mark, because he remained ignorant of any adverse right. But certainly the defendant who merely ignorantly assumes that there is no outstanding adverse use has no better excuse for continuing than has the defendant (as in *McLean v. Fleming*) who knows of the complainant's rights, but who complies in good faith with complainant's objections and relies innocently

upon complainant's deliberate acquiescence for more than twenty years.

Therefore, if complainant's affirmative action disposes of defendant's excuse that he had *actually* relied, in good faith, upon complainant's *conscious* acquiescence (as in the McLean and Menendez cases), then certainly such action should effectually dispose of Rec-tanus' excuse that he had merely theoretically relied upon his ignorance of Mrs. Regis, who, being equally ignorant of him, had not acquiesced in nor encouraged anything that he did.

We ask attention particularly to the statement by the Supreme Court, quoted above, that "mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances *as to defeat the right itself*." This means, obviously, that the right must have been lost by abandonment, as in the Saxlehner cases (*post*), or by dedication to the public. But in the present case, as the Court of Appeals explicitly found, the complainant's legal right is perfect.

Again, in *Menendez v. Holt*, the Supreme Court said (p. 524; our italics):

"Acquiescence to avail must be such as to create a new right in the defendant. *Rodgers v. Nowill*, 3 De G., M. & G. 614. Where consent by the owner to the use of his trademark by another is to be *inferred from his knowledge and silence merely*, 'it lasts no longer than the silence from which it springs; it is, in reality, *no more than a revocable*

*license.* DUER, J., *Amoskeag Mfg. Co. v. Spear*, 2 Sanford (N.Y.), 599; *Julian v. Hoosier Drill Co.*, 78 Ind. 408; *Taylor v. Carpenter*, 3 Story, 458; (s.c.) 2 Woodb. & Min. 1."

This rule does not turn upon the character of the *defendant's* acts, whether innocent or guilty; on the contrary, it explicitly announces that *complainant's* consent is immaterial when "inferred from his *knowledge* and silence merely." His consent must be, then, even more clearly negligible when inferred from his *ignorance* and silence merely, as in this Rex case.

Such inferred consent is "no more than a revocable license." The licensee who has *consciously* relied, in good faith, upon a *deliberately granted* license (as in the McLean and Menendez cases) is certainly in a better position to claim an estoppel than is Rectanus, who was wholly ignorant of any possible implied license from Mrs. Regis, who, in turn, never intended to give him any license whatever, revocable or otherwise.

Certainly Mrs. Regis and her successor are in a better position to revoke a supposititious license, which was *never intended to be given* and was *never relied upon*, than were the complainants in the McLean and Menendez cases, who were permitted to revoke licenses that had been *knowingly* granted and relied upon by the respective parties.

If any estoppel could arise from a complainant's mere acquiescence, either actual or implied, then the *intentional* acquiescence for many years by the complainants in the McLean and Menendez cases would create estoppels much more certainly than could the behavior of the complainant and its predecessor in this Rex case,

who had acted always in perfect good faith, in complete ignorance of the defendant's use, and without any intention to acquiesce.

And it should be borne in mind, we submit, that it is the conduct of the party against whom the estoppel is urged, and not the conduct of the party urging it, which should principally control the conclusion as to the existence or non-existence of estoppel. What the defendant has done or left undone is of subordinate importance.

There is no such difference between the conduct and positions of the defendants in the McLean and Menendez cases on the one hand, and in this Rex case on the other hand, as would of itself determine an estoppel in the latter case, while precluding estoppel in the former cases. But even if the differences were significant, they are *more than offset by the conscious and deliberate negligence of the complainants in the McLean and Menendez cases*, as contrasted with the innocence and good faith of the complainant in this Rex case.

*Saxlehner v. Eisner*, 179 U.S. 19, 39;

*Saxlehner v. Siegel-Cooper Co.*, 179 U.S. 42:

In each of these cases the complainant had permitted the trade-mark "Hunyadi" to become a generic, descriptive name, to *become public property*. Therefore, because complainant had utterly lost his substantive trade-mark rights he was not entitled to an injunction.

But these decisions also considered unfair competition by the copying of complainant's labels, and enjoined the same in spite of complainant's laches. In discussing this branch of the Eisner case (179 U.S., at 39)



the Supreme Court (Mr. Justice BROWN) again fully approved the rules laid down in *McLean v. Fleming* and *Menendez v. Holt*, (*supra*).

The position of the defendant in the Eisner case was similar to that of the defendants in the McLean and Menendez cases; and he was enjoined.

On the other hand, in the Siegel-Cooper Co. case, 179 U.S. 42, the Supreme Court said:

“In the case against the Siegel-Cooper Company there was no charge of an intentional fraud, and the court found that there was no evidence of fraudulent conduct on its part, and *dismissed the bill* as to that company.”

But the Supreme Court said:

“We think that an injunction should issue against all these defendants, but that, as the Siegel-Cooper Company appears to have acted in good faith, and the sales of the others were small, they should not be required to account for gains and profits. *The fact that the Siegel-Cooper Company acted innocently does not exonerate it from the charge of infringement*” (authorities cited).

Thus, so far as these Saxlehner decisions bear upon the present issues, they emphatically sustain your petitioner's argument that innocence on the part of defendant is not a defense; that ignorance or knowledge on the part of a defendant cannot possibly determine the existence or non-existence of estoppel against the complainant.

As already stated, the trial Court in this Rex case

decreed for your petitioner upon "the express mandate" of the Supreme Court cases just cited.

But the Court of Appeals, instead of following the rules there laid down, devised a radically novel doctrine of estoppel, which, so far as we can find, has no parallel in the law of trade-marks or elsewhere. The reasoning of the Court of Appeals, we submit, cannot be reconciled with the above-cited decisions of the Supreme Court; and that is one of the most important reasons why this case should be reviewed.

The fundamental reason upon which the Court of Appeals rested its finding of estoppel was stated in the first opinion as follows (226 Fed. Rep., at 548; Transcript, p. 201; our italics):

"It is clear that there may be instances where the plaintiff's delay to carry his trade into a particular territory has been so inconsistent with the ordinary conduct of business as *to amount practically to an abandonment or disclaimer of that territory*; and if in such case it has come about that with the express or implied knowledge of plaintiff another has occupied the territory in ignorance of any claim of prior right, and so has been misled into a large expenditure in building up a business, we have not merely that laches which make a court hesitate to enforce the prior right, but that *estoppel* which forbids such enforcement."

We take no exception to the foregoing as a correct statement of the law. But we do most emphatically contend that there are no circumstances at bar indicating a delay in carrying complainant's business into

Louisville which could possibly "amount practically to an abandonment or disclaimer of that territory."

Delay there was, beyond question, but a delay enforced by lack of capital, a condition which Mrs. Regis could not control; a delay which terminated instantly the adequate resources of the United Drug Company became available; a *mere* delay which was wholly unaccompanied by any circumstance indicating an *intention* to abandon or disclaim any market which her resources would permit her to invade.

The only charge that can be maintained against Mrs. Regis is that the "natural development" of her business was not so rapid as it would have been if she had had more money to devote to advertising and the employment of salesmen. To accuse Mrs. Regis of abandoning or disclaiming the territory to which she was unable to extend her sales *is to condemn her for her comparative penury*, when, had she been able to support her demonstrated diligence by adequate capital, she would have entered the Louisville market many years ago.

The Court of Appeals' opinion said further:<sup>1</sup>

"Such absolute disregard of the Kentucky territory for twenty years indicates rather more than indifference . . ."

But there is nothing to justify the conclusion that Mrs. Regis "disregarded" or was "indifferent" to the Kentucky territory. The *facts* that Mrs. Regis did gradually extend her business and did establish an interstate business in the early years of her trade, and did ultimately make formal claim to interstate busi-

<sup>1</sup> *Ibid.*, p. 550.

ness by obtaining registration of her trade-mark in the United States Patent Office — all enforce the conclusion that she had every intention to enter Louisville and every other market immediately her resources would permit.

It is impossible to find in Mrs. Regis' behavior anything approaching abandonment or disclaimer of or indifference to the Louisville territory. Nevertheless, the Court of Appeals concluded that Mrs. Regis and her successor were estopped, and therefore the defendant could continue to use the mark in Louisville — ignoring the fact that the concurrent use of the competing marks in that market inevitably menaced the public with confusion, deception, and fraudulent substitution.

The second opinion of the Court of Appeals conceded that the decision was without specific precedent; but the first opinion cited four cases as somewhat suggestive of the general result. In fact, however, those cases afford no support for the decision, because of the completely distinguished states of fact involved. We shall next discuss said cases.

*Carroll v. McIlvaine*, 171 Fed. Rep. 125;

*Same, on Appeal*, 183 Fed. Rep. 22:

This is the Baltimore Club Whiskey case.

The trial Court had found that the *defendant* had been the first to adopt and use the mark, and complainant had never acquired a substantive trade-mark right. This is the actual basis for the decision below by Judge HOUGH; and although the opinion contained considerable general discussion, it amounted to mere dictum.

The Court of Appeals also decided against the complainant, but without sustaining any of the grounds adopted by the trial Court. The opinion of the Court of Appeals shows clearly that the ultimate decision rested upon gross laches on the part of complainant, with full knowledge of the facts, coupled with *complainant's fraudulent imitation of defendant's labels with the sinister intention of unfairly appropriating defendant's business.*

In the Court of Appeals' opinion, Judge LACOMBE devoted nearly four pages to a discussion of complainant's laches; and the first fact noted was that the complainant *had known* of the use by defendant's predecessor for nearly twenty-five years—from 1882 until the time of the suit. Judge LACOMBE said (183 Fed. Rep. 24, 25; our italics):

“This would seem to be sufficient to disentitle complainant to a decree for an accounting; but the question whether its delay will also disentitle it to injunctive relief *calls for a more careful examination of the law and the facts.*”

Thereupon Judge LACOMBE quoted at length from *Menendez v. Holt* (*supra*), and, recognizing the clear rules laid down therein, found it necessary to ascertain some *special circumstances* beyond “mere delay or acquiescence” to disentitle the complainant to an injunction. That Judge LACOMBE readily found the necessary distinction is evident from the following, quoted from the opinion (p. 27; our italics):

“It is difficult to escape the impression that complainant *intentionally refrained* from bringing suit until some time after McIlvaine's death, in the

hope that by that time so many persons in this city [New York] would have acquired the habit of asking for 'Baltimore Club' or 'B.C.', as it is sometimes referred to, that when it stopped the use of such name by defendant it would itself find a good market outside of Baltimore, the demands of which it could alone supply."

And this impression of complainant's sinister intention was said by Judge LACOMBE (p. 27) to be strengthened by the circumstance, already referred to herein, that complainant had fraudulently imitated the defendant's labels in the New York market by the use of a label totally different from any previously used by the complainant.

Thus it is the whole tenor of Judge LACOMBE's opinion that some conduct indicating *bad faith* upon the complainant's part was indispensable to afford a distinction from the *Menendez v. Holt* case which would justify the refusal of an injunction. And it is precisely upon this distinction that the reasoning of *Menendez v. Holt*, and *not* that in the Baltimore Club Whiskey case, should control in the situation here at bar.

*Macmahan Co. v. Denver Co.*, 113 Fed. Rep. 468:

In this case Judge ADAMS, for the Court of Appeals of the Eighth Circuit, reduced the issue to the following question (at page 472):

"Did the complainant make such use of the word 'Antiphlogistine' in connection with its medicinal preparation, as to cause it to be known and recognized in the market by that word?"

This question, answered in the negative, necessarily determined the Court's decision. After reviewing the evidence the Court said (at page 473; our italics):

“Such being the evidence, we are of opinion that complainant's mixture had obtained no such acceptance or reputation in the trade under the name ‘Antiphlogistine’ as to confer upon complainant a *right of property in that word alone*. The test laid down by the Supreme Court in cases *supra* is not met. The use was *not sufficient to ripen into a right of property*.”

Finally, the Court said (p. 476):

“We are of opinion, for the reasons hereinbefore stated, that complainant *never acquired any right of property in the word ‘Antiphlogistine’ as a trademark*, and, if it had, that the business arrangement made with Dr. Campbell forfeited all right to the equitable relief prayed for in this action.”

Such a decision as this is wholly irrelevant to the circumstances at bar, in which this Court has expressly found that Mrs. Regis, before 1880 —

“had so adopted and so used the word [Rex] that *her title thereto as a trademark, — and with all the incidents of a common-law trademark, was perfected.*”

*Hanover Co. v. Allen Co.*, 208 Fed. Rep. 513;  
*Same v. Same*, 36 Sup. Ct. 357:

This decision by the Circuit Court of Appeals of the

Seventh Circuit has been followed by the Supreme Court "Tea Rose" decision already referred to herein; the two opinions employ the same general line of reasoning.

In this case complainant deliberately restricted its business under the "Tea Rose" name to the territory north of the Ohio River, and *concurrently used the different and unrelated trade-marks "Trojan" and "Eldean Patent" in the territory occupied by the defendant.* Here complainant's behavior left nothing to implication; it was not only *able* to extend its sales into the defendant's territory, but did in fact do so, and deliberately withheld the "Tea Rose" name from that territory. By this affirmative act, of course, the complainant should be bound.

Judge BAKER's opinion for the Court of Appeals contained the following (p. 519), which has since been approved and quoted in part by the Supreme Court (36 Sup. Ct. 361):

"These cases indicate to us that it is true in a sense that trade-marks are without territorial limitations; but not in the sense meant by the complainant. The sense we perceive is one that goes back to the foundational purpose of the trade-mark suit. Since it is the trade, and not the mark, that is to be protected, *a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark.* But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

This is precisely the doctrine for which we contend.



Paraphrasing the text just quoted from Judge BAKER's opinion: It is this complainant's trade, not its mark *in gross*, that is to be protected; complainant's trade-mark "Rex" acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where complainant's goods have become known and identified by the use of "Rex." And this includes Louisville, where, before this suit was brought, complainant had advertised and sold its Rex remedy, through four stores, to the Louisville public, the greater part of which, so far as the record shows, had no knowledge of defendant's insignificant trade. We make no suggestion that the mark, of itself, could travel to the Louisville market separately from complainant's trade. But we do urge that when complainant's trade had once entered Louisville, and menacing competitive conditions had come into actual existence — all prior to the bringing of this suit — complainant's trade-mark was thereby placed in the situation expressly approved by Judge BAKER (and now by the Supreme Court), in which it "acknowledges no territorial boundaries . . . but extends to every market where the trader's goods have become known and identified by his use of the mark."

See also Judge BAKER's discussion of *Derringer v. Plate*, 29 Cal. 292 (see 208 Fed. Rep. 519).

Judge BAKER quoted from the Derringer opinion:

" 'The manufacturer at Philadelphia who has adopted and uses a trade-mark has the same right of property in it at New York or San Francisco that he has at his place of manufacture.' "

Then Judge BAKER said:

" Yes, if Derringer was selling his pistols in the

San Francisco market or any market where Plate was trying to palm off his pistols as Derringer's; and we find nothing in the report to show that such was not the fact."

That is to say, if, as in the case here at bar, a defendant is *in actual competition* with the complainant under the same trade-mark, and threatens to palm off defendant's goods as complainant's, then the reasoning applicable to the Tea Rose case is not appropriate.

The decision by the Supreme Court in this Tea Rose Flour case indicates very clearly the controlling differences between the facts of that case and the circumstances here at bar, as follows:

"There is nothing to show that the Allen & Wheeler Tea Rose Flour has been even advertised in Alabama or the adjoining states and there is clear and undisputed proof that it has not been sold or offered for sale or known or heard of in the trade in Alabama, Mississippi or Georgia. In No. 30 there is uncontradicted proof that the Allen & Wheeler Co. is selling flour in Alabama and Georgia but under the brands 'Eldean Patent' and 'Trojan Special.'"

Here it is evident that some *deliberate purpose* to withhold its Tea Rose flour from Alabama must have actuated Allen & Wheeler; there is ample evidence of an *intention* to disclaim the Alabama market so far as concerns the Tea Rose mark, and to use there, instead, the other brands cited. No lack of capital necessary to accelerate the normal growth of the business toward the Alabama markets is accountable (as in Mrs.

Regis' case), for the fact that Allen & Wheeler never reached them.

As distinguished from this, we have every evidence that Mrs. Regis did intend to extend her business and that her successor had actually reached the Louisville market, in perfect good faith, and had begun a substantial business there, many months before this suit was brought.

Further, the Supreme Court opinion states:

" . . . In 1904 the [defendant] Hanover Company began and has since prosecuted a vigorous and expensive campaign by advertising its Tea Rose flour, covering the whole of the State of Alabama and part of Mississippi, Georgia and Florida, employing many ingenious and interesting devices that are detailed in the proofs, with the result that at the commencement of the litigation its sales of Tea Rose Flour in these markets amounted to more than \$150,000 a year, the Hanover Star Milling Company is coming to be known as the Tea Rose Mill, the reputation of the mill is bound up with the reputation of Tea Rose Flour, and 'Tea Rose' in the flour trade, in the territory referred to, means flour of the Hanover Company's manufacture. There is nothing to show *any present or former competition in Tea Rose Flour between the latter company and the Allen & Wheeler firm or corporation, or that either party has ever advertised that brand of flour in territory covered by the activities of the other.*"

Contrasted with this, we have in Louisville the very insignificant business of the defendant, Rectanus Com-

pany, conducted through a single retail store, and which has had a uniformly small volume of sales for many years; while many months before this suit was brought the complainant was distributing its Rex remedy through four retail stores in Louisville and had otherwise extended its business in that remedy to every state in the United States, and had advertised in newspapers in every state and in periodicals having a general circulation throughout the country. The defendant's trade-mark was by no means generally known, even in Louisville; while many months before this suit was brought the complainant's mark was vigorously exploited in that same territory, and, through advertising and sales, came to hold its own place with the Louisville public.

It cannot be said that the word "Rex" in Louisville meant the product of the defendant any more than it meant complainant's. On the other hand, the concurrent use of both marks in Louisville means confusion and deception of the public, and a stimulus to the defendant to enlarge its long insignificant business by trading upon complainant's national advertising and good-will.

We believe the Supreme Court has explicitly approved your petitioner's argument by the statement in the Tea Rose opinion as follows (36 Sup. Ct. 361):

"That property in a trademark is not limited in its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs, is true in a limited sense. Into whatever markets the use of a trademark has extended, or its meaning has become known, there



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will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress."

But in this Rex case the Court of Appeals (in its second opinion) has criticized the application of this doctrine (at 226 Fed. Rep. 555) by saying:

"Nor can we think that the presence of actual competition between the parties at the time suit is commenced is the sole criterion by which cases are to be distinguished, as the petition [for rehearing by the Court of Appeals] urges with reference to *Hanover Co. v. Allen Co.*, 208 Fed. 513, *supra*. Whether the ground of the defense be laches or estoppel, if the defense is good today, it does not seem that it can be bad next week, merely because in the meantime plaintiff first brings in and offers for sale his goods in the local territory where defendant is established. If so, then neither defense could ever avail, because plaintiff could always delay bringing suit for a few months or a year and until after he had come in and was selling some goods in defendant's territory — which is practically what happened in this case."

But this criticism, we submit, is beside the point.

We do *not* urge, when an actual *abandonment* of certain territory has resulted from the complainant's *intentional* withholding therefrom of his trade (as in the Tea Rose case), that thereafter the mere artificial creation in that territory of fictitious competitive conditions could alter the case so as to entitle complainant to an injunction. If a complainant had *deliberately*

withheld one trade-mark from the defendant's territory for a long period, *while invading that territory with other marks* (as in the Tea Rose case), thereby demonstrating an intention permanently to relinquish the territory, perhaps no subsequent extension of the complainant's trade could avail to avoid the already created estoppel; and we believe this is the doctrine intended to be settled by the Supreme Court's opinion in the Tea Rose case.

And similar reasoning was followed in Judge LACOMBE's opinion for the Circuit Court of Appeals in the Baltimore Club Whiskey case, wherein it was held that the complainant's business, which had long been confined to Baltimore, had not been extended into defendant's New York market *in good faith*, but with the sinister intention of unfairly appropriating defendant's business, with the assistance of fraudulent imitations of defendant's labels. Judge LACOMBE discovered the complainant in the exercise of *bad faith* in extending its business — not normally, but with an unfair intention.

In like manner, it should always be entirely possible to distinguish between an entry into a defendant's market in good faith, in the course of a normal growth of business; and a tardy extension into defendant's territory which had been promoted merely to create artificial competition in repudiation of a previously expressed *deliberate intention* to refrain from such competition.

And we submit that the case of your petitioner falls in that class wherein the growth of the business and the ultimate entry into defendant's market have resulted from strictly natural and usual causes, and which deserves every protection which a court of equity can give.

If your petitioner had extended the original Regis business from New England and the Atlantic seaboard states merely into Louisville (neglecting other markets), with the evident intention of creating an opportunity to attack the respondent-defendant, then the good faith of your petitioner might have been questioned (as in the Baltimore Club Whiskey case); because such a growth, spanning the distance from the Atlantic seaboard states to a single locality like Louisville, would have been abnormal, and would have indicated some improper motive, such as constrained the Court of Appeals to deny relief to the complainant in the Baltimore Club case. But the fact is that your petitioner, upon buying the Regis business, extended it into all the states of the country practically simultaneously, with advertising and actual trade. And this ensued in the course of a logical growth, which was rendered successfully rapid in its later stages because of the ample resources and established organization of your petitioner — just such a rapid extension as would have occurred many years before if Mrs. Regis had possessed the necessary capital. In other words, your petitioner entered defendant's market only incidentally to a normal, country-wide expansion which was promoted honestly and in perfect good faith.

Thus, against the criticism of our position by the Court of Appeals, as quoted above, we submit that there are two absolutely sound tests which should be and can be applied in such instances as the Tea Rose and Baltimore Club cases and the present Rex case, to wit: First, is there competition between the parties? If not, then neither the complainant nor the public needs, or should receive, protection (*e.g.*, the Tea



Rose case); if there is competition, then the second test must be applied. Second, there being competition, has it been brought about *in good faith* by a natural extension of the complainant's business, as in this Rex case (if so, the complainant is entitled to protection); or has it been brought about in bad faith for unfair purposes, as in the Baltimore Club case (if so, then the complainant is entitled to no relief)?

We believe the foregoing has demonstrated the impossibility of deciding the present case upon the reasoning in the Baltimore Club and Tea Rose cases, wherein the facts established either a *wilful, permanent abandonment* by the complainant of the defendant's market, or else a long, *deliberate* delay followed by an eventual invasion of defendant's trade by *unfair methods*.

*Saxlehner v. Eisner*, 179 U.S. 19:

This case also, in that branch thereof where complainant is denied relief, is not to be confused with the present case, because in the former the complainant was held to have permitted his mark to become *public property* throughout the United States; he had no substantive right whatever in the trade-mark. The Court of Appeals in this Rex case has decided just the contrary, to wit, that your petitioner's trade-mark right is perfect except for a possible defensive right on the part of the respondent.

*Kahn v. Gaines*, 155 Fed. Rep. 639;

*Same, on Appeal*, 161 Fed. Rep. 495:

This is another case referred to in the Court of Appeals' first opinion in this Rex case. But the gist of

the decision is that the defendant had used the mark for several years *prior to its adoption by the complainant*, and had thereby established a sound defensive position. Perhaps the prior use by the defendant of the trade-mark in question ("Old Crow") had utilized merely a descriptive character of the name; but that is immaterial, since the defendant's was the prior equity (*vide* 161 Fed. Rep., at 502). This is obviously distinguished from the present Rex case, wherein your petitioner owns the prior legal title and has the prior equity.

The foregoing discussion has related mainly to the first opinion by the Court of Appeals. The second opinion demonstrates that the decision against your petitioner rested upon the following (226 Fed. Rep. 552; our italics):

"Since, in order to raise an estoppel in pais, it is essential that one party shall do some act, or neglect some act, and that the other party, *in reliance* on such doing or neglecting, shall change his position so as to import prejudice if the first act or neglect is repudiated, it follows that our conclusion of estoppel cannot be maintained unless it shall be assumed that Mrs. Regis was guilty *of some neglect toward the public* or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect, has changed his position."

But Mrs. Regis and her successor cannot be charged with any *neglect* whatever; they followed a reasonable and normal business course — the only possible course in expanding a trade which lacked adequate capital.

The Court of Appeals suggests (226 Fed Rep., at 553) that—

“ . . . From 1883 (when Rectanus’ use began), until now, it has been true that a small expense in trade journal advertising enables the trade-mark proprietor to put his article and its name before the entire trade; and the custom of so doing has been well-nigh universal.”

We find nothing in the record to indicate that this is a fact; and we believe it is altogether too doubtful to be a proper subject for judicial notice.

But, in any case, it would have been altogether abnormal, and contrary to every precept of sound business, for Mrs. Regis to attempt widespread advertising, in trade journals or elsewhere, when her capital was barely sufficient to enable her to promote only a comparatively slow, though continuous, growth. We cannot perceive why Mrs. Regis should have been expected to advertise in Louisville or Montana, for instance, when her resources forbade any reasonable expectation that she could presently trade in those markets.

No matter how extensively Mrs. Regis might have advertised, she could have procured no *enforcible* right (under the Tea Rose decision) beyond those markets which her resources enabled her to enter with her *actual trade*. Why, then, should she be expected to have advertised, far beyond the advancing frontier of her trade, a notice of a claim which was there still unenforcible and might remain so indefinitely?

Nevertheless, the Court of Appeals said (226 Fed. Rep. 554):

“ It is enough to say that in (*e.g.*) 1895, at the end

of more than 15 years of this policy of *doing nothing in any of the customary methods* to give either the trade or the general public knowledge of the claimed trade-mark, Mrs. Regis *was bound to know* that others would be likely to adopt or to be using the same word in ignorance of her appropriation, and to be making investments therein."

Again the Court said (*Ibid.*):

"... Only in an extreme case would a court reach the conclusion which we here reached. The trade-mark owner, prosecuting and exploiting his business *in the ordinary way*, can have nothing to fear from the rule of the opinion."

But Mrs. Regis did advertise and did push her trade by the customary methods and in the ordinary way, viz., she advertised in church programs; she had advertising cards in the windows of her home; she put signs on fences; she advertised in calendars and in newspapers and by means of circulars. Her promotion of the business was so far successful that her Rex remedy was sold throughout the New England states, in New York, New Jersey, and Virginia, and even in Canada and Nova Scotia. When her resources had not enabled her to supply markets beyond these points, it would have been most extraordinary if she had attempted advertising which would reach Louisville or other remote points.

No trader advertises his wares, or can be expected to advertise, in a territory the demands of which he cannot supply with reasonable promptness. We cannot perceive, therefore, wherein Mrs. Regis failed to exploit

her business "in the ordinary way;" or how she can be accused of "doing nothing in any of the customary methods" of trade.

If the doctrine announced by the Court of Appeals were perpetuated, a trade-mark owner having small capital, in adopting a new mark for perhaps a new and untried product, would be left altogether in doubt and confusion as to whether he could safely proceed with a slow and reasonable growth within his means of conducting it conservatively, or whether he must engage in a widespread and wasteful advertising campaign to penetrate every market of the country in order to safeguard himself against some later adopter of his trade-mark. Such a doctrine could not but discourage the establishment of small trade-mark enterprises, no matter how great their promise of ultimate tremendous success.

The Court of Appeals has said in effect that Mrs. Regis, the *first user* of the mark, should have advertised in a quite unusual manner in order to protect herself against *subsequent* adopters of the mark. But the Court has not placed any obligation upon Rectanus to have protected himself in any manner against *earlier* users; on the contrary, the Court has approved the course of Rectanus, the *later user*, in resting supinely on the mere assumption that no *prior equity* existed, and without attempting, by advertising or otherwise, to safeguard his position. In other words, according to the Court of Appeals' decision, the adopter of a new trade-mark must take extraordinary measures to protect himself against *later* users, but need do nothing to safeguard himself against *earlier* users.

Again, the Court has said Mrs. Regis was "bound to know" that some *later* user might enter the field; but it is nowhere suggested that Rectanus was equally "bound to know" that some *earlier* user may have anticipated him.

But such discrimination in favor of a later user is, we submit, wholly unwarranted. If Mrs. Regis is chargeable with "neglect toward the public" because she failed to advertise and forewarn the public throughout the country, certainly Rectanus is chargeable with a corresponding neglect in having failed utterly either to advertise or to push his business with any diligence whatever such as might have advised Mrs. Regis sooner of Rectanus' adverse claim. And if the parties are both chargeable with neglect, if they were equally "bound to know," then certainly the prior legal title and the prior equity in behalf of Mrs. Regis should prevail, particularly in view of the entire good faith of herself and her successor, and in the interest of safeguarding the public against confusion and deception.

Certainly the novel doctrines announced by the Court of Appeals, whether essentially correct or not, leave trade-mark owners in such confusion of mind that the Supreme Court should be constrained, we submit, to review the case and clarify the situation by a further authoritative opinion.

The Supreme Court has already laid down clear and serviceable rules in *McLean v. Fleming* and *Menendez v. Holt*, *supra*. And those decisions, we submit, apply in the circumstances at bar.

See also —

*Merriam v. Smith*, 11 Fed. Rep. 588.

*New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, 18 Fed. Rep. 638, 646.

*Sawyer Spindle Co. v. Taylor*, 56 Fed. Rep. 110.

*Sawyer Spindle Co. v. Taylor*, 69 Fed. Rep. 837.

*Taylor v. Sawyer Spindle Co.*, 75 Fed. Rep. 301.

*Ide v. Trortlicht*, 115 Fed. Rep. 137, 148.<sup>7</sup>

*Fahrney v. Ruminer*, 153 Fed. Rep. 735.

*Layton Pure Food Co. v. Church & Dwight Co.*, 182 Fed. Rep. 35, 39.

Sebastian on Trademarks (5th ed.), p. 224.

Brown on Trademarks (2d ed.), sec. 685, p. 663.

Paul on Trademarks, par. 109.

It is certainly of great importance that Mrs. Regis registered her trade-mark in the United States Patent Office in 1900, approximately eleven years before she learned of defendant's adverse use. We submit that the effect of this registration was at least to substantiate the earlier evidences of Mrs. Regis' diligence in extending her business, and her intention eventually to occupy the entire country; in other words, to refute the charge of indifference or neglect. The significance of this registration, in association with the other characteristic facts at bar, supplies further reason for a review by the Supreme Court.

### CONCLUSION.

It is evident that the Court of Appeals' decision in this case rests upon doctrines which are altogether unique and fundamentally different in their practical results from any heretofore approved by the authorities.

Perhaps the most important of these results is the

effect upon the general public. As the Court of Appeals' decision stands, it sanctions the continued use in Louisville of the two competing trade-marks, and thereby menaces that public with inevitable confusion and deception — precisely that confusion and deception which the Courts have always been solicitous to prevent. In the present case the territory within which this competition may continue is comparatively limited. But the doctrine, if sound at all, must hold in cases where the defendants' territory is much larger and where the body of the public threatened by the competitive uses is much more numerous.

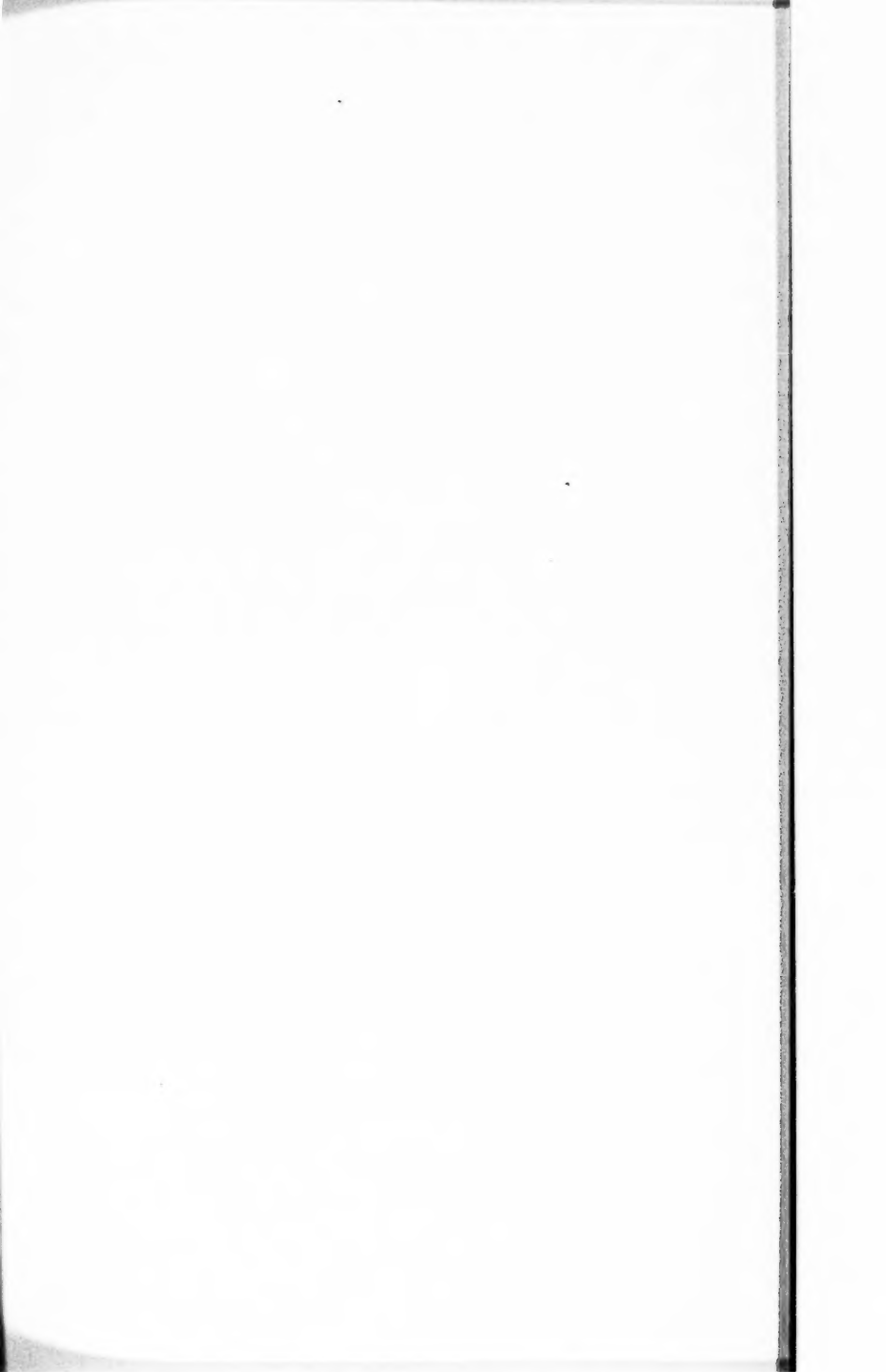
A second unfavorable practical result of the doctrine is the confusion of trade-mark owners as to the methods which they must pursue in safeguarding rights which, starting in a small way, may become, by the expenditure of energy and money, of great value.

If the Supreme Court review this litigation, it will at least clarify the situation so that trade-mark owners generally may be definitely and authoritatively guided as to their duties and the means by which they may maintain their trade-mark rights, which, in such a multitude of instances, represent investments of enormous value, as, for example, in the cases of the petitioners as *amici curiae*.

Respectfully submitted,  
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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1916.

UNITED DRUG COMPANY,  
*Petitioner,*  
vs.  
THEODORE RECTANUS COMPANY,  
*Respondent.*

No. 511.

**BRIEF FOR PETITIONER, UNITED  
DRUG COMPANY.**

**LAURENCE A. JANNEY,**

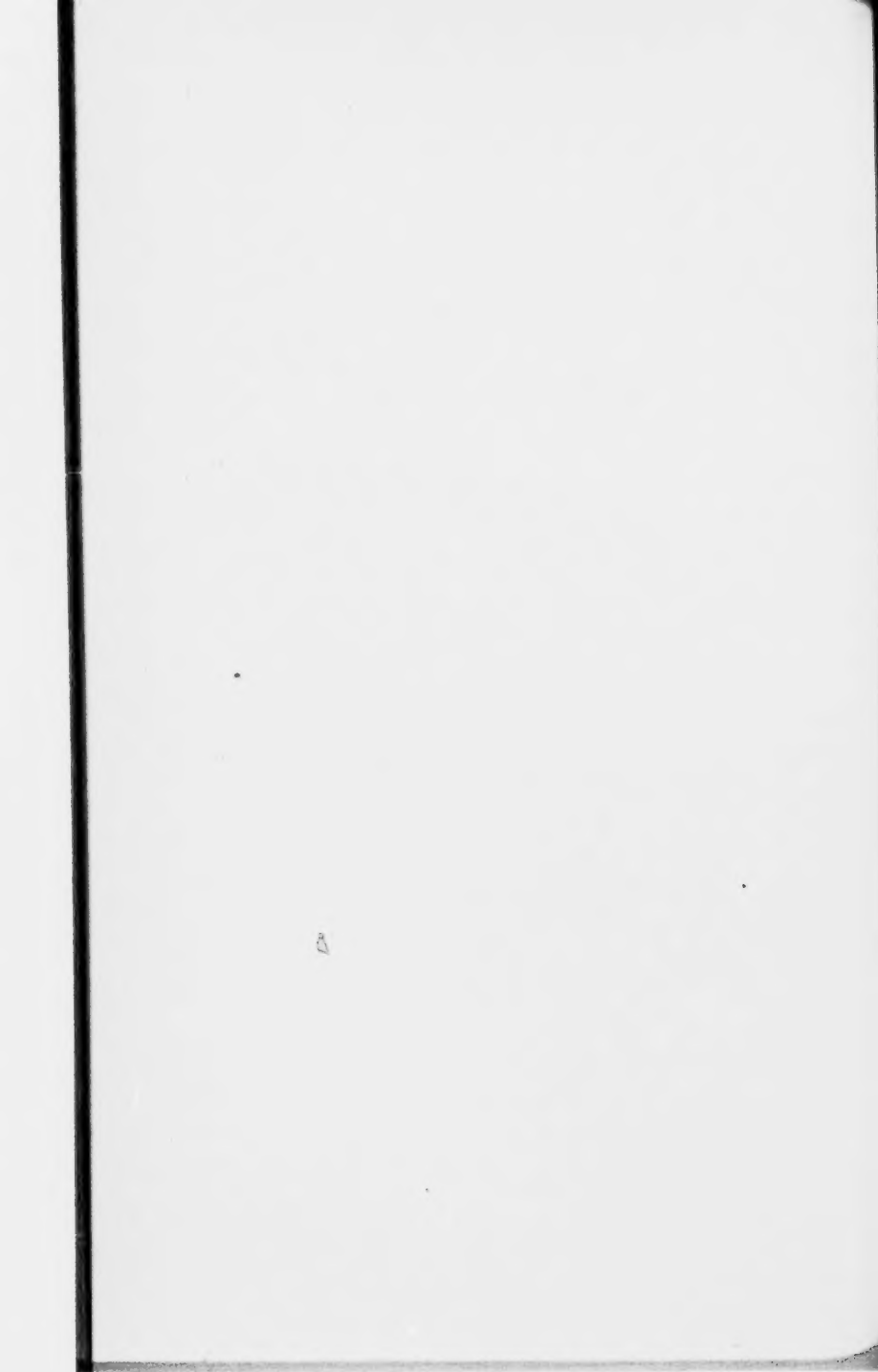
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IN THE  
**Supreme Court of the United States**  
OCTOBER TERM, 1916.

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UNITED DRUG COMPANY,	}	No. 511.
<i>Petitioner,</i>		
<i>vs.</i>		
THEODORE RECTANUS COMPANY,	}	
<i>Respondent.</i>		

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**BRIEF FOR PETITIONER, UNITED  
DRUG COMPANY.**

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*May it please the Court:*

This is a suit for trade-mark infringement brought in September, 1912, in the United States District Court for the District of Kentucky by United Drug Company, plaintiff, against Theodore Rectanus Company, defendant. The cause has been brought to the Supreme Court by writ of certiorari issued on the petition of United Drug Company to the United States Circuit Court of Appeals for the Sixth Circuit.

For clarity the parties will be referred to herein as plaintiff and defendant.

STATEMENT OF THE CASE.

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Plaintiff, United Drug Company, owns the trade-mark "Rex" for certain proprietary medicines, having purchased it in April, 1911, with a going business, from Ellen M. Regis, who had continuously used the mark since the year 1877.

On September 24, 1912, plaintiff filed its bill of complaint, in the United States District Court for the District of Kentucky, against defendant, Theodore Rectanus Company, charging infringement of said trade-mark "Rex," and praying an injunction and an accounting of profits.

The cause was tried in July, 1913, before Judge Walter Evans, in Louisville, Kentucky, upon depositions and oral testimony and argument; the trial court refused an accounting, but ordered an injunction "*under the express mandate*," as stated in the opinion, of the Supreme Court decisions in *McLean v. Fleming*, 96 U. S., 245; *Menendez v. Holt*, 128 U. S., 514; *Saxlehner v. Eisner*, 179 U. S., 19; and *Saxlehner v. Siegel-Cooper*, 179 U. S., 42.

Defendant appealed to the United States Circuit Court of Appeals for the Sixth Circuit; and the appeal was heard upon briefs and oral argument January 15, 1915. An opinion on the appeal was handed down July 20, 1915, reversing the decree below and ordering dismissal of the bill (Transcript, p. 198; 226 Fed. Rep., 545).

Plaintiff thereupon petitioned for a rehearing, which was refused. But the Court of Appeals then

rendered a second opinion (Transcript, p. 288; 226 Fed. Rep., 552), stating that its decision *is without specific precedent* and further explaining the reasoning leading to the court's new doctrine of estoppel, upon which the decision turned. The second opinion was rendered November 2, 1915. His Honor Judge Denison wrote both opinions for the Court of Appeals.

Thereafter Judge Denison wrote to plaintiff's counsel a letter referring to this cause, and containing the following (the original letter is annexed to plaintiff's original petition for certiorari in this court):

"\* \* \* I see no impropriety in repeating to you,—and with full leave to quote me as much as you wish,—what I said to you orally, viz.: I regard the decision as *a considerable step, specifically, beyond what has been settled, and as a distinct entrance upon debatable ground.* My study of this case and of the accompanying Gaines case, has impressed me with *the confusion and uncertainty* attending cases where two persons in different parts of the country have innocently adopted the same trademark, and each has in good faith acted on the strength of his own supposed ownership; and, speaking for myself, *I should be much pleased if the Supreme Court should see fit to take up this or some other case of the same class and clarify the situation.*" (Our italics.)

The findings of fact by the trial court and the Court of Appeals were the same in all material particulars. The difference of opinion pertained wholly to questions of law. The trial court followed "the express mandate" of *McLean v. Fleming* and other Supreme Court decisions, *supra*; while the Court of

Appeals expressly conceded that its opinion was without specific precedent, and Judge Denison recognized in the decision "a distinct entrance upon debatable ground."

The Court of Appeals ultimately rested its decision upon a wholly unique doctrine of estoppel under which the admittedly perfected common-law right of plaintiff was abridged sufficiently to permit defendant to continue the use of the trade-mark in a limited territory. The result of this decision was to permit the rival traders *to continue using the same trade-mark in direct competition in the same market, regardless of the confusion and deception of the public* which inevitably arises from such circumstances.

The facts here of record are as follows:

The trade-mark "Rex" was first adopted and used by plaintiff's predecessor in business, Mrs. E. M. Regis, in the year 1877, at the city of Haverhill, Massachusetts. The first opinion of the Circuit Court of Appeals states:<sup>1</sup>

"The opinion of the Supreme Judicial Court of Massachusetts (in *Regis v. Jaynes*<sup>2</sup>) and the testimony in the present record alike impel us to the conclusion that her (Mrs. Regis') *claim of prior right is thoroughly established*, and that before 1880 she had so adopted and so used the word that *her title thereto as a trademark—and with all the incidents of a common-law trademark—was perfected.*" (Our italics.)

Until the year 1911 Mrs. Regis and her successor were ignorant of defendant's use of the trade-mark

<sup>1</sup> 226 Fed. Rep., 548.

<sup>2</sup> 185 Mass., 458; 70 N. E., 480; 77 N. E., 774.

“Rex.” Although defendant’s predecessor first used the mark about 1885, he and his successor were equally ignorant, until 1911, of the use of the mark by Mrs. Regis and her successor, United Drug Company.

Having perfected her trade-mark rights prior to 1880, Mrs. Regis then began to extend her trade as rapidly as her very limited resources would permit. She was a woman in moderate circumstances living in the small manufacturing city of Haverhill, Massachusetts. She had so little capital that at the outset of her business she herself was obliged to mix the ingredients of the Rex remedy in her home, and to sell it about her community by personal solicitation.<sup>3</sup>

She advertised her Rex remedy in church programs; had an advertising card in the window of her home; put signs on fences; later, advertised in calendars and newspapers and by means of circulars.<sup>4</sup> This is the sort of advertising which she could do consistently with her meager capital and the initially small volume of her business. It would be absurd to suppose that she could have attempted any early advertising that would have reached defendant in Louisville, Kentucky, because, obviously, she had neither the money to pay for such advertising nor the means to supply such remote markets.

Nevertheless, the fact that she did advertise, considerably and increasingly, demonstrates her clear *intention* to extend her business, and her *diligence* in pushing her sales into new markets as rapidly as possible within her means. Her intention and

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<sup>3</sup> Transcript, p. 57.

<sup>4</sup> Transcript, p. 59.

diligence were fruitful to the extent that, beginning in Haverhill, she gradually developed markets in other cities in Massachusetts; then in Maine, New Hampshire, and Vermont; and, finally in New York, New Jersey, and Virginia, and even Canada and Nova Scotia.<sup>5</sup>

All this time Mrs. Regis contended with meager capital. It is evident from all of the circumstances—the diligence of herself, and, later, her daughter, in advertising and in their personal effort to make sales—that, if she had commanded adequate resources, she would have entered at once all of the markets of the country.

There is no particle of evidence of any negligence upon Mrs. Regis' part or any intention to restrict the territory of her sales, or to refrain from entering any market which her capital would permit her to reach.

There is no circumstance which could possibly justify the conclusion that Mrs. Regis was indifferent to, or was disclaiming, any market beyond those she actually reached. On the contrary, the fact is that she continually pushed her sales into new territory as rapidly as possible.

There is no indication whatever of that *intention* or *willingness* to forego any market in the country, which alone could justify a charge of abandonment of such market.

There is striking evidence of Mrs. Regis' intention to assert and maintain her trade-mark rights, in the facts that she registered her trade-mark under

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<sup>5</sup> Transcript, pp. 64, 65, 71.

the state law of Massachusetts on September 27, 1898, and that she procured her federal registration No. 35,503, dated November 27, 1900, nearly twelve years before she learned of the defendant's adverse use of the mark.

Thus it appears that Mrs. Regis *perfected a technical trade-mark right prior to 1880* (this was explicitly found by the Court of Appeals); thereafter she persistently pushed her sales into new territory and across state lines until it became a true interstate business. Ultimately, in 1900, she availed of the federal statute and obtained a registration which entitled her to all of the benefits of the statute.

In April, 1911, Mrs. Regis sold her business and trade-mark "Rex" to plaintiff, United Drug Company, and received therefor \$100,000.

At that time United Drug Company had already established a tremendous and highly efficient organization for the distribution of its products, comprising more than five thousand retail stores, scattered all over the United States and Canada. The gross business of United Drug Company at that time was about \$6,000,000 per annum. For example, in Louisville, Kentucky, four retail stores were selling United Drug Company products; also retailers in about ninety towns and cities elsewhere in Kentucky were selling those products. Every state in the country contained several retail distributors for the United Drug Company. Each said retailer had the exclusive right in his town or city to sell the United Drug Company merchandise.

Thus when the Regis business was bought in 1911 the tremendous resources and equipment of the United Drug Company were at once available for the purpose of placing the Rex remedy upon sale in all the markets of the country practically simultaneously.

Before selling out, Mrs. Regis had succeeded, despite the handicap of inadequate resources, in extending her Rex trade beyond New England, into Atlantic seaboard states, and even into Canada and Nova Scotia; and she had obtained a federal registration of her trade-mark in 1900, eleven years before she sold to the United Drug Company. Her business had grown slowly, to be sure, but the growth had been precisely that which is the wholly natural result of persistent diligence handicapped by inadequate capital.

But when the United Drug Company purchased the Rex business, the obstacle of meager resources was removed, and the diligence and ambition to expand the trade, which had always existed, were given for the first time in the history of the trade-mark, adequate means with which to work. The prompt result was the extension of the Rex trade into every state in the country.

Incidentally to this rapid extension, petitioner's Rex remedy was placed on sale in four retail stores in Louisville, Kentucky, where, in the fall of 1911, it encountered for the first time the competition of the defendant's Rex remedy. On May 10, 1912, for example, your petitioner's Rex remedy was advertised in the Louisville (Kentucky) "Evening Post" (a daily newspaper), as shown in Exhibit Isaac No.



4.<sup>1</sup> At the same time defendant was selling its competing Rex remedy at its single retail store in Louisville and was advertising the same in the Louisville daily newspapers.<sup>2</sup>

Thus, many months before this suit was brought, vigorous competition existed between the parties in the same market under the same trade-mark, "Rex." And this competition had resulted from the *bona fide*, natural growth and extension of the original Regis Rex trade—a gradual growth at first, because of Mrs. Regis' inadequate resources, and then a rapid growth when the United Drug Company had bought the business.

Defendant's predecessor, Theodore Rectanus, had first used the trade-mark "Rex" about 1885. The Court of Appeals, in its first opinion<sup>3</sup> said, referring to Rectanus:

" \* \* \* He began this use about 1883, and it is safe to say that, as early as 1885, he had used the mark so considerably in Louisville that—save for Mrs. Regis' prior adoption—it clearly would have become his rightfully exclusive trade-mark."

This use continued upon a small, local scale, with some interstate business, until some time late in 1911, when the parties hereto each learned for the first time of the other's use of "Rex."

From its inception defendant's Rex business has been uniformly small and principally confined to

<sup>1</sup> Transcript, p. 99.

<sup>2</sup> Transcript, p. 102.

<sup>3</sup> 226 Fed. Rep., 548.

the city of Louisville. Defendant's predecessor, Theodore Rectanus, had early advertised, somewhat, outside of Louisville and of Kentucky; for example, in Pittsburg and in the East—in New York, to the best of his recollection. So, to some extent, defendant's remedy had entered interstate commerce. But the evidence shows that defendant's business was always of insignificant volume, and transacted almost entirely through defendant's single drug store in Louisville. Even in more recent days, as testified by defendant's manager, Mr. Dralle,<sup>1</sup> he had merely kept up the advertising "occasionally," and had had sales during the spring and fall, and "some little during the entire year;" the business had remained about the same, although it had not ceased altogether.

It appears, therefore, that when this suit was brought the conditions in Louisville were these:

The large and well-organized business of United Drug Company, founded upon the Rex trade-mark of the first user, had occupied all of the states of the country, and incidentally had entered Louisville and there come in competition with the small, local business of a later adopter of the same trade-mark. The competition between these users of the same trade-mark in the same market created at once that menace to the public interest which Courts of equity have always been solicitous to suppress at the suit of the original user of the trade-mark; the public was at once threatened, and has ever since been threatened, with confusion and

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<sup>1</sup> Transcript, p. 103.

deception. The advertising of the complainant's Rex product could not but stimulate the demand for another product known by that same name and having the advertised properties, and thereby create an inducement and opportunity for the defendant and its clerks to make fraudulent substitutions. The great traveling public of the United States, encountering complainant's advertisements of its Rex remedy throughout the country, were liable to confusion and deception upon reaching Louisville and being confronted with competitive remedies bearing the same name, "Rex."

The situation presented by this case is well summarized in the opinion of the trial Court<sup>1</sup> as follows (our italics):

"In our broadly extended country the separate and independent use of these two trademarks ran along contemporaneously in widely separated localities without either of the parties most interested knowing what the other was doing, until a comparatively few months before this action was brought. The judgment in this case, we think, must necessarily work a hardship upon one or the other of the parties and possibly upon both. But, notwithstanding that probable result, we are clearly of opinion that the facts stated require us, *under the express mandate of the authorities presently to be cited*, to hold that the right of the plaintiff to the exclusive use of the word 'Rex' in connection with medicinal preparations for dyspepsia and kindred diseases of the stomach and digestive organs must be sustained. The following, among many cases, while *requiring that judgment*, also show that, while an injunction against the future use of the word

<sup>1</sup> Transcript, p. 42.

'Rex' in connection with the character of preparations indicated should be granted, no accounting for profits, nor any assessment of damages for unfair trade, need, on the facts found, be decreed: *Sarlehner v. Eisner & Mendelson Co.*, 179 U. S., 19-39; *Sarlehner v. Siegel-Cooper Co.*, 179 U. S., 42; *Menendez v. Holt*, 128 U. S., 514; *McLean v. Fleming*, 96 U. S., 245."

This case involves questions of trade-mark law which are of the gravest importance; and the decision upon the instant facts should announce, we submit, for the guidance of trade-mark owners generally, an explicit rule applicable to situations wherein the first adopter of a trade-mark, after *bona fide* and diligent effort to extend the territory of his trade, finally encounters competition with a later adopter of the same trade-mark, who, having also acted in good faith, has built up some business under the trade-mark.

It cannot suffice to say that the rival traders may continue their respective uses of the same trade-mark in the same market. To do so would be to disregard the right of the public to be protected against confusion and deception which is unescapable under such circumstances. This right of the public stands at the very foundation of trade-mark jurisprudence, and cannot be disregarded. Therefore when the rival traders have come into conflict, it necessarily follows that one or the other must be excluded; one or the other must be subjected to an apparent hardship.

It cannot suffice to say that because, in the case at bar, that portion of the public which is threatened with confusion and deception is small, and limited to

the population of Louisville, Kentucky, and vicinity, that therefore the right to the protection of that public may be reasonably disregarded. That fraction of the public is as clearly entitled to the solicitous protection of the courts as is the collective public of the entire country. And the case could not be materially distinguished if this defendant, instead of confining his trade mainly to Louisville, had occupied all of Kentucky, and Ohio as well, for example.

If then, one or the other rival trader must be excluded from that common market which has come to be the field of their competition, through an entirely legitimate course of events, the question arises, which of the two must suffer?

Merely because defendant has traded the greater length of time in the common market, it does not follow that his trade-mark is therefore more generally or valuably known there than is plaintiff's. This may or may not be true. In fact it is probably wholly erroneous, because vigorous competition, by newspaper advertising and otherwise, had been begun by plaintiff many months before this suit was brought; and plaintiff's trade-marked merchandise had then and has ever since been on sale in Louisville, Kentucky, through *four* retail drug stores, while defendant's corresponding merchandise has been on sale at only *one* store. Undoubtedly plaintiff's trade-mark is even more generally and valuably known in the common market than is defendant's—especially in view of plaintiff's general advertising throughout the country, as against defendant's merely occasional and local advertising.

Hence, the decision herein cannot rest upon any theory that defendants' mark is the better known in the common market and the public, therefore, would be better served by excluding plaintiff. On the contrary, the public which relies upon plaintiffs' mark comprises not only the probably larger local body in Louisville, but also the great traveling public, informed of plaintiff's mark by national advertising and reputation and demanding to be protected from confusion and deception while sojourning in Louisville.

This case cannot possibly be decided upon the conscious wrong-doing of either party—at least so far as concerns the period preceding the time in 1911 when defendant was notified of the charge of trade-mark infringement. Up to that time, both parties had acted in the utmost good faith. The competition between them was the inevitable and legitimate result of the *bona fide* growth of plaintiff's business, and is not attributable in any degree to an artificial invasion of defendant's hitherto undisturbed market, having in view any sinister purpose to attack or damage defendant's business.

Somewhere in the opinion by the Court of Appeals it is suggested that Mrs. Regis, the first user of the trade-mark, was "bound to know" that some one might later innocently adopt the same trade-mark in territory not then occupied by her trade, and that therefore Mrs. Regis should have taken elaborate precautions against such a contingency. But indubitably defendant is equally chargeable with the knowledge that perhaps he had been anticipated

in the use of the trade-mark, and that he therefore must protect himself with extreme care. Certainly there can be no reason in law or equity for requiring a user of a trade-mark to exercise any greater caution against *subsequent* adopters than against *prior* adopters, or even so great caution.

As a matter of fact, Mrs. Regis' claim of exclusive right in her trade mark became a matter of public record by registration of her mark in Massachusetts in 1898, and by her federal registration in 1900, some eleven years before she first learned of defendant's adverse use. If either party is chargeable with notice, or if either is to suffer for an alleged failure adequately to investigate the facts,—then certainly the defendant is in the less favorable position since for at least eleven years he disregarded the readily accessible information of Mrs. Regis' exclusive right afforded by the record of her federal registration. If Mrs. Regis was in any degree chargeable with notice of the existence of defendant's isolated and insignificant business in Louisville, Kentucky, then much more was defendant chargeable with notice of Mrs. Regis' federal registration.

We do not contend (nor do we need to) that either party was chargeable with notice. What we do contend is that *if* the Court of Appeals was correct in suggesting that Mrs. Regis "was bound to know" of defendant's activities, then defendant was at least equally "bound to know" that he had been anticipated by Mrs. Regis.

Hence, the decision herein cannot rest upon any theory of negligence upon the part of Mrs. Regis or

plaintiff, in the face of any actual or implied notice of defendant's activities.

In short, we submit, there is no opportunity whatever to decide the case upon any doctrine of laches or estoppel; but the decision must rest upon and be consistent with the long settled principles of trademark law, which require recognition of the property rights of a first user and of the right of the public generally to be protected against confusion and deception. These subjects, as well as the pertinent authorities, will be discussed in the brief of the argument.

### SPECIFICATION OF ERRORS.

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We submit:

1. The Court of Appeals erred in finding "complete indifference" or neglect on the part of Mrs. Regis in the extension of her trade. (226 Fed. Rep., 549, 550.)

To support this finding, the Court of Appeals said that Rectanus, "although an active druggist, familiar with the literature of the trade," had never heard of Mrs. Regis' remedy or of her trade-mark in 1900. But what Rectanus knew or did is wholly immaterial upon the question of Mrs. Regis' indifference or diligence, the sole measure of which is her own state of mind as evidenced by her own acts and her actual accomplishment.

2. The Court of Appeals erred in holding that Mrs. Regis was "bound to know that others were likely to act upon the assumption that the field was



open, and that their [her] silence would mislead anyone who did act in reliance on that assumption." (226 Fed. Rep., 550.)

Mrs. Regis was no more "bound to know" that defendant was likely to adopt the mark, than was defendant "bound to know" that Mrs. Regis had already adopted it. So long as Mrs. Regis was diligent within the limitations imposed by her meager resources, she was not guilty of any "silence" which could possibly be said to mislead anyone.

3. The Court of Appeals erred in citing, apparently as precedents, the *Baltimore Club Whiskey* case,<sup>1</sup> which was decided solely upon the ground of deliberate laches amounting to an estoppel; the *Antiphlogistine* case<sup>2</sup> in which plaintiff had never acquired any exclusive right to the mark; *The Tea Rose* flour case<sup>3</sup> wherein (as in the later Supreme Court decision) the decision against plaintiff rested upon the total lack of competition between the parties and the intentional restriction of plaintiff's trade, for many years, to a territory which defendant had never invaded.

In the second opinion rendered in this case the Court of Appeals said "we did not originally fail to appreciate that our conclusion was *without specific precedent*." (226 Fed. Rep., 552; our italics.) Thus the Court of Appeals concedes that these cases are not specific precedents.

<sup>1</sup> Carroll v. Mellvaine, 171 Fed. Rep., 125.

<sup>2</sup> McMahan Co. v. Denver Co., 113 Fed. Rep., 468.

<sup>3</sup> Hanover Co. v. Allen Co., 208 Fed. Rep., 513.

4. The Court of Appeals erred in holding that defendant had a defensive right to continue the use of the mark.

5. The Court of Appeals erred in holding that defendant's use "had continued so long without challenge as to raise an estoppel." (226 Fed. Rep., 551.)

6. The Court of Appeals erred in holding that Mrs. Regis was guilty of some neglect toward the public or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect, has changed his position; and in thereby reaching the conclusion that Mrs. Regis and her successor are estopped.

7. The Court of Appeals erred in holding that Mrs. Regis "must be conclusively presumed" to know that others would be likely to adopt or use the trade mark in ignorance of her appropriation, and to be making investment therein; and that Rectanus' continued investment from 1895 to 1900 in exploiting what he thought was his trade mark makes a satisfactory case of estoppel. (226 Fed. Rep., 554.)

8. The Court of Appeals erred in holding that trade mark owners, prosecuting and exploiting their businesses in the ordinary way, can have nothing to fear from the rule of the opinion. (226 Fed. Rep., 554.)

The menace to trade mark rights threatened by the rule of the Court of Appeals' opinion is discussed hereinafter (p. 88).

9. The Court of Appeals erred in declining to decide the present case upon the doctrines announced in *McLean v. Fleming*, 96 U. S., 245; *Menendez v. Holt*, 128 U. S., 514; *Saxlehner v. Eisner*, 179 U. S., 19; and *Saxlehner v. Siegel-Cooper*, 179 U. S., 42.

10. The Court of Appeals erred in declining to affirm the decree of the lower court for an injunction as prayed in the bill of complaint.

11. The Court of Appeals erred in ordering the dismissal of the bill of complaint.

## ARGUMENT.

It seems expedient at the outset to submit a succinct statement of the doctrine for which we contend, and which we pray the court to promulgate, as follows:

WHEN THE FIRST USER OF A TRADE-MARK HAS BEEN REASONABLY DILIGENT IN EXTENDING THE TERRITORY OF HIS TRADE, AND, DURING SUCH EXTENSION HAS ULTIMATELY ENGAGED, IN GOOD FAITH, IN COMPETITION WITH A LATER USER OF THE SAME MARK, SO THAT THE RIVAL TRADERS ARE OFFERING COMPETITIVE MERCHANDISE IN A COMMON MARKET UNDER THE SAME TRADE-MARK, THEN THE LATER USER OF THE MARK SHOULD BE ENJOINED AT THE SUIT OF THE FIRST USER.

The main essentials of this doctrine are that the first user must have been "*reasonably diligent*" and must have begun "*in good faith*" his competition with the later user. It is expedient to explain just what we mean by these expressions in their present application.

A trader is "*reasonably diligent*" in extending the territory of his trade, when he adequately devotes to that purpose his available resources, whatever they may be.

If he is embarrassed by meagerness of capital, and is obliged to content himself with a very slow growth of his business, he is nevertheless "*reason-*

ably diligent" if only his conduct and accomplishment indicate an intention to expand his trade, coupled with an actual growth thereof consistent with his means and the character of his merchandise.

And the character of his merchandise may bear very importantly upon the appraisal of a trader's diligence. If the merchandise be such as would receive ready acceptance by the public, without requiring campaigns of education or elaborate demonstration of its qualities, then the trader, in the exercise of reasonable diligence, might well be expected to procure immediately favorable results and to be able to extend his field rapidly. In such cases, the absence of a fairly prompt extension of trade territory might be entirely or partially explained by insufficiency of capital, but otherwise would seem to indicate a failure in diligence.

In a business involving merchandise of the character just suggested, the "turn-over" of the working capital would be frequent, and even a lack of adequate working capital to begin with should not long obstruct fairly rapid progress, based upon the profits accruing from the ready sale of the article. Thus in such businesses the lack of capital would not afford so satisfactory an explanation of gradual extension of the trade as would be true of other businesses involving products more difficult to introduce and sell.

For example, a proprietary medicine, such as the *Regis Rex Remedy*, is difficult to introduce, and the beginnings of such a business are necessarily small unless promoted by elaborate and extensive

advertising requiring heavy expenditure. Such a medicine does not manifest its qualities at sight but requires to be tested by use and recommended from one to another by word of mouth before it can gain any general acceptance, even in a single community, to say nothing of communities remote from its place of origin. Hence the introduction of such a product, and the upbuilding of a business therein, are matters of slow and laborious development, and the greatest degree of diligence in such circumstances would result only in slow progress, while much less diligence, other things being equal, might show strikingly rapid progress in the exploitation of a more readily salable kind of merchandise.

For instance, if Mrs. Regis had been selling a novel and attractive game device, such as the "Pigs in Clover" game, which was once so familiar, and which instantly attracted the public eye and readily "sold itself," so to speak, she might have been expected to expand her trade rapidly and to accumulate from her earnings sufficient funds to enable her to accelerate such expansion.

On the other hand, when she dealt in a medicinal preparation offered in tablet form, and having nothing to recommend it to the public except its remedial properties, which were wholly unobservable until demonstrated by actual use—even the exercise of the utmost diligence could not have been expected to produce more than an extremely slow growth of her trade, particularly in the absence of sufficient funds for extensive advertising. The volume of sales was necessarily small, and the

additions to capital from earnings, were, therefore, insufficient to permit any rapid increase of resources.

In short, the combined difficulties arising from her inadequate capital and the character of her product, which obstructed Mrs. Regis' progress, must be taken into account in estimating, by reference to the results she obtained, the reasonableness of her diligence. Likewise in the general application of the rule proposed above, it would be necessary to decide upon the facts of each case as presented, whether the first user of the trade-mark had been in fact reasonably diligent.

The exercise of reasonable diligence, of course, excludes behavior amounting to an abandonment of any territory to which the trade might otherwise have been extended. But *there can be no abandonment except by intention*, and if the behavior of the first user negatives the necessary intent or willingness, then there can be no case of abandonment.

For example, in the *Tea Rose* flour case (*post*), the first user had deliberately confined his trade in *Tea Rose* flour to a certain territory for a number of years, while invading other territory with flour sold under other trade-marks. This evidenced a clear intention to abandon the latter territory, and it could not be found that the first user in the *Tea Rose* case had exercised the "reasonable diligence" required by our proposed rule.

But Mrs. Regis' case is different. She expanded her business as rapidly as possible within her means, and did no act indicating an intention or willingness to forego any market in the country. That her prog-

ress was slow was due wholly to the fact that she had too little capital and was trying to market a difficult character of merchandise. Clearly Mrs. Regis had no intention or willingness to abandon any territory, and therefore cannot be found to have committed any abandonment in fact.

When she did her utmost to promote her business against the serious handicaps of inadequate resources and the difficulty of marketing her particular product; when she succeeded in establishing a substantial interstate trade throughout New England and extending into Canada, Nova Scotia, New York, New Jersey, and even Virginia; when she finally gave notice of her countrywide claim by means of her federal registration—there is no question but that she was reasonably diligent.

The term “in good faith” as used in our proposed rule, is extremely important.

If the first user innocently promotes his business and finally, *in the course of a natural growth*, encounters the competition of a later user, he has acted in good faith, particularly if he has been ignorant of the later user’s activities until the actual beginning of competition, as in the case at bar.

On the other hand, if the first user, after deliberately restricting his trade for many years to a given territory, should then expand his trade into a later user’s market, simply for the sake of attacking the later user or appropriating his large and profitable trade—then the first user could not be said to have acted in good faith, and he would not be entitled to relief under our proposed rule.



For example, in the *Baltimore Club* whiskey case (*supra*) the Court of Appeals found that the plaintiff had long confined its business to Baltimore and vicinity, but had eventually entered the defendant's market in New York City and had there employed fraudulent imitations of the defendant's labels with the evident intention of appropriating the defendant's long established trade. Since plaintiff had not acted in good faith, it could not invoke the application of our rule.

Our use of the term "in good faith" of course excludes all circumstances involving fraud, deceptive or intentionally misleading conduct.

A further essential of our proposed rule is that the first and later users must have entered into *actual or potential competition*. Otherwise the first user would have suffered nothing but *damnum absque injuria* and would not be entitled to an injunction; the right of the public to protection from deception and confusion would not be involved; and the first user would be properly denied relief under the rule of the *Tea Rose* flour case (fully discussed hereinafter).

We believe our proposed rule will commend itself as entirely practical, easy of application to specific cases, and consistent with and supported by the fundamental principles of trade mark law as they have been announced by the authorities.

In applying the rule, the courts would not only recognize the prior legal title and the prior equity of the first user as against a mere subsequent equity

of the later user, but would also recognize and safeguard the right of the public to be protected against confusion and deception in the common market of the rival traders. After determining the issues of confusing similarity of the trade marks, equivalence of descriptive properties of the merchandise, et cetera, common to all trade mark cases, the court would then be required simply to decide the questions of reasonable diligence and good faith on the part of plaintiff, and the existence of competition, which we have discussed.

We shall next examine the relevant decisions.

#### THE CASES SUPPORTING THE PROPOSED RULE.

In the present case, the District Court (206 Fed. Rep., at page 572) held that the defendant must be enjoined "under the express mandate of the authorities cited," viz., *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S., 19-39; *Saxlehner v. Siegel-Cooper Co.*, 179 U. S., 42; *Menendez v. Holt*, 128 U. S., 514; *McLean v. Fleming*, 96 U. S., 245. Further, following these decisions, the trial court, while ordering an injunction, declined to order an accounting.

Thus the trial court accepted the rules laid down in these cases as controlling in the premises, and in doing so interpreted those decisions precisely as they had been interpreted for many years by those who have specialized in the law of trade-marks.

The Circuit Court of Appeals made no reference to these Supreme Court decisions in the first opinion, but in the second opinion the court attempted to distinguish by the fact that the defendants in *McLean v. Fleming*, *Menendez v. Holt*, and *Saxlehner*

v. *Eisner* had not acted innocently, while in *Saxlehner v. Siegel-Cooper Co.*, although the defendant had been innocent, that was nevertheless immaterial.

But this matter of knowledge upon the part of the defendant does not afford a valid distinction. It is true that the defendants in three of the cases cited happened to have known of the complainants' trademarks; but the Supreme Court did not treat those facts as controlling, and it is the clear purport of the decisions that the complainants' rights would have been the same if each party had proceeded in ignorance of the other's acts. In fact, *it is expressly found in the Siegel-Cooper case that the defendant's innocence did not exonerate it from the charge of infringement nor relieve it from liability to injunction* (179 U. S., 43).

These several decisions will be discussed in chronological order.

*McLean v. Fleming*, 96 U. S., 245:

In this case the complainant had been the first to adopt the mark, but the respondent had been preparing and selling his merchandise for more than forty years, and (quoting from page 257; our italics):

“ \* \* \* during that period, or more than half of it, he had been using labels and trademarks corresponding more or less to those used by the predecessors of the complainant, some of whom, during all or most of that time, *knew what the labels and trademarks were which were used by the respondent*, the evidence to that effect being full and decisive.

“Negotiations took place at one time between the respondent and one of the predecessors of

the complainant for an interchange of commodities, with a view that both commodities might be sold at each of their respective places of business.

“Evidence of a decisive character is exhibited in the record to show that the complainant or his predecessor *knew throughout what description of labels and trademarks the respondent was using*; and it does not appear that any objection was ever made, except as heretofore stated and explained. Once the respondent was requested to insert the initials of his Christian name before his surname, in the label; and it appears that *he immediately complied with the request.*”

Beyond question, that respondent had acted innocently and in good faith. He was not ignorant of the complainant's situation; but ignorance is by no means prerequisite to innocence. Complainant's own behavior—his complacent acquiescence for twenty years or more—amply encouraged and justified respondent's confidence in the propriety of his conduct. The fact that the communications of the parties drew from the complainant only minor objections, which *were at once complied with*, could not but beguile the respondent into a sense of security in his supposed rights, and exonerate him from any charge of *intentional* wrong-doing.

But, nevertheless, his innocence and good faith could not exonerate him from the charge of trademark infringement which rests upon a respondent's *ability* (not his intention) to palm off his goods by means of a trade-mark like complainant's. And the fact of infringement, alone, constrained the court to order injunctive relief—in spite of complainant's long-standing conscious consent to respondent's acts.

The court said (at page 258; our italics):

“*Acquiescence of long standing* is proved in this case, and *inexcusable laches* in seeking redress, which show beyond all doubt that the complainant was not entitled to an account nor to a decree for gains or profits; but *infringement having been proven*, showing that *the injunction was properly ordered*, he is entitled to the costs in the Circuit Court; \* \* \*.”

Again, the court said (at page 253):

“Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, *where the proof of infringement is clear*, even though the delay may be such as to preclude the party from any right to an account for past profits. *Rodgers v. Rodgers*, 31 L. T., 285; *Blackwell v. Crabb*, 45 L. J. Pt. I., 505.

“Positive proof of fraudulent intent is not required where *the proof of infringement is clear*, as the liability of the infringer arises from the fact that he is *enabled*, through the unwarranted use of the trademark, to sell a simulated article as and for the one which is genuine. *Wotherspoon v. Currie*, Law Rep., 5 App. Cas., 512.” (Our italics.)

Thus, although the complainant's conscious acquiescence for twenty years had been known to and relied upon *in good faith* by respondent, nevertheless the Supreme Court sanctioned complainant's repudiation of that acquiescence because respondent had infringed; because “the liability of the infringer arises from the fact that he is *enabled*” (however innocent his intention) to substitute his goods for the complainant's.

The infringer is not “enabled” to substitute his goods for the genuine except when the conflicting

trade-marks meet in *competition*. Hence the doctrine just stated is not in any degree inconsistent with the decision in the *Tea Rose* case, where there was no competitive use of the trade-marks and therefore no infringement.

We have already stated that the Court of Appeals in the case at bar attempted to distinguish *McLean v. Fleming* on the ground that the respondent there had been found guilty of fraud. That, we submit, is an erroneous interpretation.

The respondent in the *McLean case*, who, for twenty years, innocently and in good faith, relied on complainant's known acquiescence, was no more guilty of fraud than was Rectanus, who, without taking any precaution whatever or making any investigation, proceeded upon the mere unsupported and unjustified assumption that no prior right existed.

And as to the complainants, he in the *McLean case* was vastly more culpable than were Mrs. Regis and her successor, United Drug Company, who were wholly ignorant of Rectanus and never, in any degree, consciously encouraged his use of the mark.

Clearly the *McLean case* presents all the elements of an estoppel and this court so held in denying an accounting or assessment of damages. The complainant there had *knowingly* acquiesced in the respondent's use of the mark; and the respondent had *knowingly* relied upon that acquiescence and made his investment accordingly. Nevertheless this court found that an injunction must issue, in spite of the hardship resulting to respondent. In short, the *McLean* plaintiff was permitted to repu-

diate his *deliberate* acquiescence of more than twenty years standing.

Thus, in spite of that complainant's misleading conduct relied upon by respondent to his damage, the mere fact of infringement—confusing similarity of marks—was held to require an injunction. Without doubt the court was led to that conclusion largely by the obligation *to protect the public* from deception and confusion.

Much more should the court be constrained to enjoin this defendant in behalf of Mrs. Regis and her successor, who have always acted in perfect good faith, have never misled the defendant in any degree, and have never done anything upon which the defendant or its predecessor consciously relied. Defendant and its predecessor proceeded, without precaution, to transact its business as though Mrs. Regis had never existed and without any particle of encouragement or acquiescence upon her part.

There is no escape from the conclusion that the position of Mrs. Regis and her successor is infinitely more meritorious than was that of the complainant in the *McLean* case; while on the other hand the defendant in the present case deserves much less consideration than the defendant in the *McLean* case, because the former can offer no excuse except ignorance which he made no attempt to relieve, while the latter could and did rely upon the deliberate acquiescence of his adversary for more than twenty years.

Reverting to our proposed rule stated at the beginning of this argument: We would require of the first user "reasonable diligence" in expanding his

trade; as a means to the end that notice of the prior claim might not be unduly delayed, *by fault of the first user*, in transmission to possible innocent later users. We would require the first user to be diligent, with the resources at his command, in *attempting*, through his trade, to notify others of his claims. So long as he was diligent in *attempting* to procure that result, a postponement of his success, through no culpability of his own, could not bar his right to injunction. Wholly excusable delay in delivery of the notice might arise from the inadequacy of resources of the first user, or equally from such obscurity of a later user as would long preclude his being reached by even elaborate publicity.

The purpose of this requirement of reasonable diligence, is to penalize *deliberate* omission to expand the first user's trade, and the consequent *intentional or wilfully negligent* protraction of a possible later user's assumption that he is free to use the mark.

And that requirement of our proposed rule lays upon the first user a much more stringent obligation than any prescribed in *McLean v. Fleming*, wherein the first user was not held to any duty of diligence (prerequisite to injunctive relief) in moving to correct the erroneous assumption of a right to use, even on the part of an *ascertained* later user.

In the *McLean* case the defendant had early received information of plaintiff's conflicting trade and claim; but if that information amounted to notice, its effect as notice of an adverse right *was wholly nullified and waived by plaintiff's subsequent conduct* in first objecting to the particular form of



defendants' mark (which was thereupon changed accordingly), and then, with full knowledge of the facts, refraining from any further objection, for twenty years or more. The inevitable effect of this behavior was to *give consent* to defendants' use; *not* to notify him, actually or by implication, of an asserted adverse right. The plaintiff's persistent disregard, for twenty years or more, of the defendants' continued use with a clear color of right, was a *deliberate* encouragement of defendants' belief in the propriety of his use. Thereby the plaintiff, *wilfully negligent*, prolonged the duration of defendants' innocent error. In other words, that plaintiff was not "reasonably diligent" in attempting to correct defendants' erroneous assumption; but nevertheless he was held entitled to injunctive relief.

Hence the defendant in the *McLean* case lacked any effectual notice of an asserted adverse claim, just as truly as Rectanus lacked notice of Mrs. Regis' claim. Moreover, the plaintiff in the *McLean* case had been wilfully negligent in omitting to give notice to a known later user, while Mrs. Regis had been diligent in expanding her trade as rapidly as possible, although she was ignorant of any later user who might be affected by notice.

When, therefore, the reasoning in the *McLean* case required injunctive relief on such facts, it is evident that the doctrine of that case not only supports our proposed rule, but goes much further, since it indicates that there is no duty of diligence in giving notice, except in preservation of the right to an accounting. It follows then that our rule is well within the principles of the *McLean* and similar cases.

The Court of Appeals' opinion in the present case makes it clear that Mrs. Regis' alleged failure to expand her trade rapidly enough, was found objectionable because it was supposed to have postponed unduly the likelihood of notice to Rectanus. *If* that theory be sound, as against Mrs. Regis, who was unaware of anyone upon whom to serve notice, then certainly it should apply to any *conscious* omission by a first user which similarly withholds notice from a *known* later user. And it should apply with especial force to the case of a plaintiff (as in the *McLean* case) who, having first given a tacit consent, thereafter for twenty years or more, deliberately withholds notice of a change of front, from an ascertained later user.

But so to apply such a theory would be wholly repugnant to the doctrine of *McLean v. Fleming*. There, a failure in diligence looking to the correction of a later user's erroneous assumption of right, sufficed to require denial of an account but *not the refusal of an injunction*.

In short, the theory of the Court of Appeals, upon which Mrs. Regis' conduct was found objectionable, is untenable in view of the *McLean* decision which, on the other hand, fully authorizes our proposed rule stated above.

*Menendez v. Holt*, 128 U. S., 514:

This decision explains and amplifies that in *McLean v. Fleming*, *supra*. Here (p. 523) the court declined to modify the general proposition laid down in *McLean v. Fleming*.

The court said (at page 523; our italics):

“The intentional use of another’s trade mark is a fraud; and when the excuse is that the owner permitted such use, *that excuse is disposed of by affirmative action to put a stop to it.* Persistence then in the use is *not innocent*; and the wrong is a continuing one, demanding restraint by judicial interposition when properly invoked. *Mere delay or acquiescence cannot defeat the remedy by injunction* in support of the legal right, unless it has been continued so long and under such circumstances *as to defeat the right itself.*”

In other words, although the attendant circumstances may have rendered a defendant’s trade mark use innocent, the innocent character thereof terminates when affirmative action is taken to put a stop to it. After such affirmative action is begun the defendant’s use then becomes intentional and therefore fraudulent.

The substance of the Court of Appeals’ opinion in this *Rex* case is that the defendant, Rectanus, had a right to assume that he was entitled to continue using the mark, because he remained ignorant of any adverse right. But certainly the defendant who merely ignorantly assumes that there is no outstanding adverse use has no better excuse for continuing than has the defendant (as in *McLean v. Fleming*) who knows of the complainant’s rights, but who complies in good faith with complainant’s objections and relies innocently upon complainant’s deliberate acquiescence for more than twenty years.

Therefore, if complainant’s affirmative action disposes of defendant’s excuse that he had *actually* re-

lied, in good faith, upon complainant's *conscious* acquiescence (as in the *McLean* and *Menendez* cases), then certainly such action should effectually dispose of Rectanus' excuse that he had merely theoretically relied upon his ignorance of Mrs. Regis, who, being equally ignorant of him, had not acquiesced in nor encouraged anything that he did.

We ask attention particularly to the statement by the Supreme Court, quoted above, that "mere delay or acquiescence cannot defeat the remedy by injunction in support of the legal right, unless it has been continued so long and under such circumstances *as to defeat the right itself.*" This means, obviously, that the right must have been lost by abandonment, as in the *Sarlehner* cases (*post*), or by dedication to the public. But in the present case, as the Court of Appeals explicitly found, the *complainant's legal right is perfect*; and the most that defendant can be given is a defensive right in a limited area.

Again, in *Menendez v. Holt*, the Supreme Court said (p. 524; our italics):

"Acquiescence to avail must be such as to create a new right in the defendant. (*Rodgers v. Nowill*, 3 DeG., M. & G., 614.) Where consent by the owner to the use of his trade mark by another is to be *inferred from his knowledge and silence merely*, 'it lasts no longer than the silence from which it springs; it is, in reality, *no more than a revocable license.*' (Duer, J., *Amoskeag Mfg. Co. v. Spear*, 2 Sanford (N. Y.), 599; *Julian v. Hoosier Drill Co.*, 78 Ind., 408; *Taylor v. Carpenter*, 3 Story, 458; (s. c.) 2 Woodb. & Min., 1.)"

This rule does not turn upon the character of the *defendant's* acts, whether innocent or guilty; on the contrary, it explicitly announces that *complainant's* consent is immaterial when "inferred from his *knowledge* and silence merely." His consent must be, then, even more clearly negligible when inferred from his *ignorance* and silence merely, as in this *Rex* case.

Such inferred consent is "no more than a revocable license." The licensee who has *consciously* relied, in good faith, upon a *deliberately granted* license (as in the *McLean* and *Menendez* cases) is certainly in a better position to claim an estoppel than is Rectanus, who was wholly ignorant of any possible implied license from Mrs. Regis, who, in turn, never intended to give him any license whatever, revocable or otherwise.

Certainly Mrs. Regis and her successor are in a better position to revoke a supposititious license, which was *never intended to be given* and was *never relied upon*, than were the complainants in the *McLean* and *Menendez* cases, who were permitted to revoke licenses that had been *knowingly* granted and relied upon by the respective parties.

If any estoppel could arise from a complainant's mere acquiescence, either actual or implied, then the *intentional* acquiescence for many years by the complainants in the *McLean* and *Menendez* cases would create estoppels much more surely than could the behavior of the complainant and its predecessor in this *Rex* case, who had acted always in perfect good faith, in complete ignorance of the de-

fendant's use, and without any intention to acquiesce.

And it should be borne in mind, we submit, that it is the conduct of the party against whom the estoppel is urged, and not the conduct of the party urging it, which should principally control the conclusion as to the existence or non-existence of estoppel. What the defendant has done or left undone is of subordinate importance.

There is no such difference between the conduct and positions of the defendants in the *McLean* and *Menendez* cases on the one hand, and in this *Rex* case on the other hand, as would of itself determine an estoppel in the latter case, while precluding estoppel in the former cases. But even if the differences were significant, they are *more than offset by the conscious and willful negligence of the complainants in the McLean and Menendez cases*, as contrasted with the innocence and good faith of the plaintiff and its predecessor in this *Rex* case.

*Sarlechner v. Eisner*, 179 U. S., 19, 39.

*Sarlechner v. Siegel-Cooper Co.*, 179 U. S., 42.

In each of these cases the complainant had permitted the trade-mark "Hunyadi" to become a generic, descriptive name; to *become public property*. Therefore, because complainant had utterly lost his substantive trade-mark rights he was not entitled to an injunction on the trade-mark branch of the case.

But these decisions also considered unfair competition by the copying of complainant's labels, and

enjoined the same in spite of complainant's laches. In discussing this branch of the *Eisner* case (179 U. S., at 39), the Supreme Court (Mr. Justice Brown) again fully approved the rules laid down in *McLean v. Fleming* and *Menendez v. Holt* (*supra*).

The position of the defendant in the *Eisner* case was similar to that of the defendants in the *McLean* and *Menendez* cases; and he was enjoined.

On the other hand, in the *Siegel-Cooper* case, 179 U. S., 42, the Supreme Court said:

"In the case against the Siegel-Cooper Company there was no charge of an intentional fraud, and the court found that there was no evidence of fraudulent conduct on its part, and *dismissed the bill as to that company.*"

But the Supreme Court reversed that decree and said:

"We think that an injunction should issue against all these defendants, but that, as the Siegel-Cooper Company appears to have acted in good faith, and the sales of the others were small, they should not be required to account for gains and profits. *The fact that the Siegel-Cooper Company acted innocently does not exonerate it from the charge of infringement*" (authorities cited).

Thus, so far as these Saxlehner decisions bear upon the present issues, they emphatically sustain your petitioner's argument that innocence on the part of defendants is not a defense; that ignorance or knowledge on the part of a defendant cannot possibly determine the existence or non-existence of estoppel against the complainant.

The decisions just discussed, clearly establish the following propositions:

1. Even a conscious and deliberate acquiescence by a trade-mark owner, over a long period of years, and relied upon by a later user, does not disentitle the former to an injunction. (It creates an estoppel but only as precluding a money recovery.)

2. Even though the later user had promptly complied with the only objections offered by the plaintiff, and had thereafter relied for many years upon the absence of further objection, there is no estoppel in his favor to justify denial of an injunction.

3. Innocence upon the part of the later user, in spite of long acquiescence by the first user, does not exonerate the former from the charge of infringement, nor relieve him from liability to an injunction.

With these well settled rules in mind, we shall analyze the opinion of the Court of Appeals in the case at bar to demonstrate that it is wholly inconsistent with those rules.

The Court of Appeals in its second opinion (226 Fed. Rep., 556), epitomizes what it conceived to be the distinction between this case and the decisions discussed above, as follows:

“The element of good faith expenditure by defendant in building up a business on a mark which he had a right to suppose was his, is wholly lacking in *McLean v. Fleming*. Without that basis there could be no estoppel; and so



the case has no bearing upon the latter question. In *Menendez v. Holt* there was the same situation."

But in each of those cases the Supreme Court did find an estoppel, and enforced it to the extent of denying the plaintiff any money recovery.

In *McLean v. Fleming*, the defendant did in good faith build up a business on a mark which he had a right to suppose he was entitled to use—a right conferred upon him by the plaintiff's conscious acquiescence, and a right which the Supreme Court enforced by refusing to compel the defendant to account.

If Rectanus "had a right to suppose," he was entitled to the use of the trade-mark "Rex," his right rested wholly upon his ignorance of anything to the contrary. The defendant in the *McLean* case "had a right to suppose" that he was entitled to use the mark because he had complied with the plaintiff's only objection to his use, and had relied for many years in good faith upon plaintiff's failure to make further objection.

It is impossible to say that the element of good faith is *lacking* on the part of the *McLean* defendant, who had *affirmative reason* to believe in his right to use the mark; while contending that Rectanus acted in good faith, because he had a mere negative reason, if any, for such belief.

Thus the Court of Appeals clearly erred in holding that Rectanus acted in good faith, and the *McLean* defendant did not, and in thus attempting to distinguish from the authority of the *McLean* case.

Again, the Court of Appeals in its second opinion (226 Fed. Rep., 552), said (our italics) :

“Since, in order to raise an *estoppel in pais*, it is essential that one party shall do some act, or neglect some act, and that the other party, in *reliance* on such doing or neglecting, shall change his position so as to import prejudice if the first act or neglect is repudiated, it follows that **our conclusion of estoppel cannot be maintained** unless it shall be assumed that Mrs. Regis was *guilty of some neglect toward the public* or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect, has changed his position.”

Thus, if the Court of Appeals is to sustain its decision upon the supposed distinction from the *McLean* case, it must be found that Mrs. Regis was guilty of a character of neglect with which the plaintiff in the *McLean* case could not be charged—some more serious and inexcusable neglect must be found, than that involved in the *McLean* case.

The sole neglect with which the Court of Appeals attempts to charge Mrs. Regis (and even this alleged neglect is not, we submit, shown by or consistent with the record) rests upon the fact that she did not early enough make known her use of the trade mark, to a sufficient body of the general public to render it likely that Rectanus would learn of it. The Court of Appeals took the position that it was Mrs. Regis' duty so to disseminate knowledge of her use as to create a likelihood that Rectanus would be warned in the very early stages of his use.

But Mrs. Regis was *wholly ignorant* of Rectanus' very existence, and consequently had no knowledge

of anyone to whom she might have owed the specific duty of giving warning. If, by some means, Rectanus was entitled to be informed, Mrs. Regis was certainly ignorant of the particular fact; and any omission with which she might be chargeable was certainly *not attributable to a conscious or intentional disregard of duty*. The most which the Court of Appeals could allege is that Mrs. Regis refrained from pursuing a vague and extraordinary policy of hit-or-miss publicity which might or might not have warned Rectanus. The opinion suggests that she might have advertised broadcast, in spite of the fact that her resources would not have permitted her to indulge in general advertising, or to supply the demand which it might have created.

Contrast these circumstances of alleged neglect of duty with those involved in the *McLean* case.

In the latter case the plaintiff *stood by for more than twenty years and watched the defendant build up its business*, and during that time contented itself with making one objection which was promptly complied with. If the Court of Appeals' theory in the present case is sound, then the *McLean* plaintiff, well knowing of the defendant's activities, was certainly charged with the most weighty obligation to warn the defendant, without waiting twenty years or more. There *the plaintiff was aware of the particular party to whom the warning, if any, should be given*; and there would have been no need to adopt the shot-gun expedient, suggested by the Court of Appeals to be used in this Rectanus case, on the possibility that some stray shot might strike a target of which the trade-mark owner was entirely

ignorant. In the *McLean* case, a mere notice to quit, to a known address, would have answered every purpose. But if there was any duty to notify, on the part of the *McLean* plaintiff, that duty was wilfully neglected. The Supreme Court did not, however, find in these facts any reason for denying an injunction.

The *McLean* plaintiff knew of the defendant's use; Mrs. Regis was wholly ignorant of any adverse use. The *McLean* plaintiff had made a specific objection to the form of the mark as used by the defendant, who had immediately cured the objection; Mrs. Regis knew of no adverse use and therefore knew of nothing to which to object. The *McLean* plaintiff knowingly encouraged and acquiesced in the defendant's use; Mrs. Regis being ignorant of any adverse use, of course did not either encourage or acquiesce.

If the *McLean* plaintiff was not chargeable with a *duty* to notify the specific adverse user, of whom he was well aware, certainly Mrs. Regis was not chargeable with the duty to scatter hit-or-miss notifications broadcast throughout the country, with the vague idea that she might reach an adverse user of whom she was wholly ignorant.

If the *McLean* plaintiff was not guilty of *neglect* (sufficient to defeat his right to an injunction) because he failed to serve a notice to quit upon a specific known adverse user, then certainly Mrs. Regis was not guilty of neglect in refraining from the adoption of extraordinary measures which might or might not have notified an adverse user of whom she was wholly ignorant.

In short, since the *McLean* case clearly establishes that the deliberate withholding of a notice to quit, is not such a neglect as would defeat the trade-mark owner's right to an injunction, then certainly Mrs. Regis' failure to notify Rectanus, of whose very existence she was unaware, does not constitute a "neglect toward the public or toward the class of which Rectanus was a member," and therefore upon the statement quoted above from the Court of Appeals, the conclusion of estoppel cannot be maintained.

As quoted above, the Court of Appeals said:  
 " \* \* \* in order to raise an *estoppel in pais*, it is essential that one party shall do some act or neglect some act, and that the other party, *in reliance upon* such doing or neglecting, shall change his position so as to import prejudice if the first act or neglect is repudiated, \* \* \*"

Obviously to bring the present case within this rule (even assuming for argument some neglect on the part of Mrs. Regis) it must appear that Rectanus acted "*in reliance*" on such assumed neglect.

It is interesting to compare this matter of reliance by the defendant, as involved in the *McLean* case, with that in the present case. In the former the defendant *actually relied* upon an attitude which the plaintiff had taken and affirmatively communicated to the defendant by first objecting to the form of the mark and then acquiescing in that form when changed. In the present case Rectanus only *theoretically* relied upon an ignorance which he made no attempt to relieve.

In summary, we submit that the Court of Appeals decision herein, finding a sufficient estoppel to defeat the right to an injunction, is wholly inconsistent with and repugnant to the doctrines laid down in the *McLean* case and others cited above. The trial court in the present case followed "the express mandate" of *McLean v. Fleming* in denying an accounting or assessment of damages, but granting an injunction; and that disposition was undoubtedly correct.

The sole difference between the Supreme Court decisions in *McLean v. Fleming*, and the others discussed above, on the one hand, and the present case on the other hand, is that in the former each litigant had knowledge of the other's use, while here each party was ignorant of the other's activities until some months before the suit was brought.

But as we have demonstrated, the fact of knowledge by both parties in the *McLean* and other cases, greatly diminished the equities in favor of the plaintiff, both because the plaintiff was guilty of acquiescence and neglect to notify the defendant to quit, *in spite of full knowledge of the facts*; and because the defendant had *affirmative reason* to believe in and rely upon his right to continue the use of the mark. In other words, in those cases the plaintiff's conscious conduct was calculated to, and did in fact, beguile the defendant into a sense of security in his use. These cases involved instances of deliberately misleading behavior upon the part of the plaintiffs, actually relied upon by the defendants to their ultimate damage.

Certainly Mrs. Regis and her successor in the present case stand in a much more meritorious position. Our reasoning in this behalf is fully supported by a decision in 1882 by Judge John Lowell of Massachusetts in the case next discussed.

*Merriam v. Smith*, 11 Fed. Rep., 588:

This was a patent case, but is none the less pertinent, as will appear from the opinion. Ordinarily, a decision in a patent case might proceed upon the theory that the issuance of a patent was constructive notice to the world, and that any defendant acting in infringement of the patent did so with presumed knowledge and at his own risk. But in this case Judge Lowell said (at page 588) that the defendant was unaware of the existence of the patent in suit, and the patentees were equally ignorant of the infringing machine. Thus the decision disregarded the matter of constructive notice, and assumed that there was none in fact. After citing *McLean v. Fleming* (at page 589) Judge Lowell then referred to the case before him, as follows (p. 590—our italics):

“This case differs from all those which I have seen in this, that there was no acquiescence on the one side nor conscious infringement on the other, as I have already shown. It cannot be said, therefore, that there was the slightest moral delinquency on either side, *or an actual estoppel*. The simple inquiry is, which party must suffer for the delay?”

Thereupon Judge Lowell, after discussing the facts, decided that the delinquent complainants could not recover in equity profits for past infringe-

ment, but should be left to their action for damages. Nevertheless the Court said (p. 591—our italics):

*“It does not follow that an injunction should not be granted; that is given, of right, when a legal title is to be vindicated, and there is no estoppel (Fullwood v. Fullwood, L. R., 9 Ch. Div., 176); nor that there should not be an account from the time of notice to the defendants of the plaintiff’s claim. Edelsten v. Edelsten, 1 De G., F. & J., 185.*

*“Decree for an injunction, and an account from the date of the bill, or of an earlier notice to the defendants of the plaintiff’s title.”*

Thus, upon the authority of *McLean v. Fleming*, Judge Lowell refused damages to the complainant, but nevertheless granted an injunction in spite of *the innocence of both parties*. Clearly, as Judge Lowell said, both parties being innocent, there was not the slightest moral delinquency on either side nor any actual estoppel. This is clearly the proper application of the doctrine of *McLean v. Fleming* to circumstances such as those here at bar.

This decision by Judge Lowell in *Merriam v. Smith* was cited with approval in the following:

*New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, 18 Fed. Rep., 638, 646:

Judge Shipman, in the Northern District of New York, wrote the opinion, and said (at page 646—our italics):

*“Again, it is said that an injunction should not issue because, during the period of Jebbs’ ownership of the patents, they saw in silence that the American Company was prosecuting its manufacture and was making improvements*



upon its property. I am not disposed to deny that cases may arise where a court of equity would refuse an injunction against an innocent infringer by reason of the protracted course of conduct of a previous owner of the patent who *knew of the infringement*, and silently and *knowingly* permitted the expenditure of substantial sums of money by the infringer. This case is not one of that class. The Jebbs owned from December, 1880, to October, 1881, and the proof is that during this time the American Company was engaged in the manufacture, 'and in making improvements to its works for such manufacture, *to the knowledge of the Jebbs*, who were silent. *Mere delay in seeking relief, when there is no estoppel, will not in general, prevent an injunction*, though it may preclude the plaintiff from the right to an account for past profits. *McLean v. Fleming*, 96 U. S., 245; *Merriam v. Smith*, 11 Fed. Rep., 588."

This general question of laches and estoppel is well discussed in the Sawyer Spindle Company decisions by his Honor Judge Dallas of New Jersey in the trial Court, and by his Honor Judge Wales for the Court of Appeals for the Third Circuit.

*Sawyer Spindle Co. v. Taylor*, 56 Fed. Rep., 110.

*Sawyer Spindle Co. v. Taylor*, 69 Fed Rep., 837.

*Taylor v. Sawyer Spindle Co.*, 75 Fed. Rep., 301.

See also:

*Ide v. Trorlicht*, 115 Fed. Rep., 137, 148. (C. C. A., Eighth Circuit.)

*Fahrney v. Ruminer*, 153 Fed. Rep., 735. (C. C. A., Seventh Circuit.)

The Circuit Court of Appeals of the Eighth Circuit, in an opinion by Judge Sanborn, has further approved the Sawyer Spindle Company cases (*supra*), *McLean v. Fleming*, *Menendez v. Holt*, and others which we have cited, see:

*Layton Pure Food Co. v. Church & Dwight Co.*, 182 Fed. Rep., 35, 39:

Here the defendant began, in 1894, to use as a trade mark the picture of a cow. The complainant, who had used a similar trade-mark since many years earlier, first learned of the defendant's use in 1898, about four years after defendant's adoption, and thereupon warned the defendant. The complainant had used its mark upon baking *soda*, while the defendant had employed the mark only on baking *powder*. When warned by complainant, defendant declined to discontinue the use of the mark on the ground that the complainant had never used it on baking powder, which, as the court stated (at page 40), was "*a claim not at that time clearly baseless.*" But although the defendant had taken this definite stand in 1898, the complainant deliberately refrained from bringing suit until 1907, about nine years later, *i. e.*, thirteen years after the defendant, in good faith, had begun to use its mark. The opinion says (p. 39—our italics):

"Has the complainant been guilty of such delay and acquiescence in the defendant's use of the picture of the cow that it may not appeal successfully to a court of equity for relief? Laches is of the nature of estoppel. Its application is conditioned, not by the lapse of time alone, but largely *by such a change of defend-*

*ant's position induced by a complainant's delay and acquiescence in a disregard of his rights as makes it inequitable to enforce them. It is without application or effect in a suit for infringement until the complainant has received knowledge or such notice as pursued with reasonable diligence would have led to knowledge of the infringement. Sawyer v. Kellogg (C. C.), 9 Fed., 601, 602; Pence v. Langdon, 99 U. S., 578, 581; 25 L. Ed., 420; Kilbourn v. Sunderland, 130 U. S., 505, 518; 9 Sup. Ct., 594; 32 L. Ed., 1005."*

And further (p. 40—our italics):

*"The complainant's delay to commence suit for more than eight years after its knowledge of the infringement, the frank claim of the predecessor of the defendant in 1898, a claim not at that time clearly baseless, that they had the like right to use the picture of the cow on baking powder that the complainant had on baking soda, the continued use of the picture by that partnership after they received notice in 1900 of the Russ decision, the subsequent succession of the defendant corporation in 1901, the latter's continuous use of this picture and its sales of millions of packages of baking powder under it between that time and the filing of the bill in this suit in 1907, without farther objection or any attempt by the complainant to enforce its rights, constitute circumstances so extraordinary, show such an acquiescence by the complainant in the defendant's use of the trademark as was well calculated to lull it into security and render it inequitable to require of the defendant now an accounting for its sale prior to the date of the filing of the bill."*

But in spite of these extraordinary circumstances the court, although denying an accounting, found no

*excuse for refusing an injunction.* The court said (182 Fed. Rep., 41—our italics):

*“The decree for the injunction stands on different ground. The complainant is the owner of a trade-mark for baking soda and baking powder consisting of this picture of a cow and this is valuable property. It is entitled to be protected in the exclusive use of this property. Every sale under this trade-mark of a package of baking powder manufactured by another is an infringement of the complainant’s right and a trespass upon its property. While the delay of the complainant and its apparent acquiescence in past trespasses may make it inequitable to compel the defendant to account for the profit it derived from them, they confer upon it no right either at law or in equity to continue them. Neither the statute of limitations nor laches presents any defense to the prayer of the complainant for the prevention of future infringement.”*

The text books uniformly sustain the contention that Mrs. Regis’ successors are clearly entitled to an injunction. See:

Sebastian (5th Ed., p. 224).

Brown (2nd Ed., Sec. 685, p. 663).

Paul on Trade-Marks (par. 109).<sup>1</sup>

<sup>1</sup> This work reiterates the rules laid down in *McLean v. Fleming* and *Menendez v. Holt*, cites with approval (p. 196) the decision in *El Modello Cigar Mfg. Co. v. Gato*, 25 Fla., 886, and quotes therefrom the following:

“The rule in England, in trade-mark cases, is more stringent than in this country, and a lack of diligence there in suing deprives complainant in equity of the right to an injunction or an account. But our courts are more liberal in this respect. A long lapse of time **will not deprive the owner of a trade-mark of an injunction** against an infringer, but a reasonable diligence is required of a complainant in asserting his rights if he would hold a wrongdoer to account for profits and damages. This rule, however, applies only to those cases where there has been

Hopkins on Trade-Marks (2nd Ed., par. 75, p. 172).<sup>2</sup>

Aside from the authorities discussed above, which conclusively support our contentions against the theory advanced by the Court of Appeals—the well settled rules governing estoppel in general preclude the possibility of finding that Mrs. Regis and her successor are estopped in the circumstances at bar.

An estoppel can be created only in one of three ways: by record, by deed, or by facts *in pais*. Obviously, there can be no estoppel by record or by deed in the present case; and, therefore, if any at all is to be found, it must rest upon facts *in pais*.

But, according to the accepted definition, "facts *in pais*" which may create an estoppel must be either (1) facts fixed by or in virtue of contract, or (2) "acts or conduct which have *induced a change of position* in accordance with the real or apparent *intention* of the party against whom the estoppel is alleged." (Bigelow on Estoppel, 5th Ed., p. 453—our italics.) Obviously, in the present case

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an acquiescence after a **knowledge of the infringement is brought home to the complainant.** \* \* \* Nor will the acquiescence of any person in the wrongful use of his name estop him from asserting his rights in equity **unless he has notice, during such acquiescence, of the facts rendering the use of his name wrongful.** \* \* \*

<sup>2</sup> Hopkins applies to trade-marks the Supreme Court decision in Pence v. Langdon, 99 U. S., 578, 581, in which it was said: "Acquiescence and waiver are always questions of fact. There can be neither **without knowledge.** The terms import this foundation for such action. **One cannot waive or acquiesce in a wrong while ignorant that it has been committed.** Current suspicion and rumor are not enough. **There must be knowledge of the facts which will enable the party to take effectual action.**"

there can be no estoppel arising directly or indirectly out of contract, so that we must investigate the conduct of Mrs. Regis and her successors to ascertain whether any estoppel exists.

The usual case of estoppel by conduct arises from some sort of misrepresentation conveying "a false impression of some fact or set of facts, created upon the mind of one person by another, by language, or by language and conduct together, or by conduct alone equivalent to language, where there appears to be no intention to warrant the same." (*Ibid.*, p. 556.) But in these cases it is essential that there should have been some *communication between the parties* upon which the party alleging the estoppel must have *relied* to his detriment. The party alleged to have been injured must have *relied* upon the communication and must have suffered "a change of position" by reason of that reliance. As Professor Bigelow says, this species of estoppel does not include "impressions created in regard to facts by mere negligence, when there has been *no communication* by the negligent person to the one receiving the impression." (*Ibid.*, p. 556.)

Since Mr. Rectanus was wholly ignorant of any claim or any doings of Mrs. Regis or her successors—since he proceeded precisely as he would have done if Mrs. Regis' business had never existed—it cannot be said that he relied upon Mrs. Regis' silence or suffered any change of condition because of her silence. There was no communication, expressed or implied, between the two.

"If the misrepresentation (expressed or implied) was of a trifling or immaterial nature,

or if the party alleging it *did not in fact trust in it or was not misled by it*, or if it was vague or inconclusive in its nature, or if it was upon a matter of opinion or fact equally open to the knowledge of both parties, in regard to which *neither could be presumed to trust the other*; in these and the like cases equity will not grant relief." (*Ibid.*, p. 557—our italics.)

It is clear that Mr. Rectanus "did not in fact trust in" Mrs. Regis' refraining from attacking his use of the mark; he was not actually misled by her silence. One cannot possibly "trust in" or be misled by facts of which he is wholly ignorant. Furthermore, the matter of fact as to the concurrent adverse uses was "equally open to the knowledge of both parties" and, in regard thereto, neither party could be presumed to trust or place dependence upon the other. Therefore it is unquestionable that there cannot be found in this case any estoppel which could rest upon a supposed actual or implied misrepresentation.

Furthermore, it is essential to this species of estoppel that the false representation or concealment must have been made *with knowledge* of the facts; the person alleging the estoppel must have been actually and permissibly ignorant of the truth; the person estopped must have *intended* that the other party should act upon the representation or concealment; and the other party must have been induced to act upon it. (*Ibid.*, p. 570.) The circumstances at bar cannot possibly answer to these requirements.

Turning now to "estoppel by negligence" (the only species of estoppel which could conceivably

exist in this case), we find that to create such an estoppel—

“(1) There must have been a failure to exercise that care, prudence, or diligence which a man of average care, prudence, or diligence would exercise in the case. (2) And that general proposition means specifically, (a) that the negligent person must at the time *owe some duty* either to the person affected by the alleged negligence, or to the public of which he is one; and (b) that the result, at least in the law of estoppel, has come about *in or in immediate connection with the negligent act or omission.*” (*Ibid.*, p. 655.)

Thus, to bring Mrs. Regis' conduct within these rules, it must be shown that, because she was *unable* to expand her business as rapidly as she would have done if her resources had permitted, she failed to exercise the care, prudence, or diligence which a man of average care, prudence, or diligence would exercise under the circumstances. But the contrary is true; Mrs. Regis was persistently diligent and coupled her intention to expand her business with actual effort, which was so far successful as to extend her trade from the state of her residence throughout the New England states and eventually into New York, New Jersey, Virginia, Canada, and Nova Scotia. Considering Mrs. Regis' circumstances and her ignorance of Mr. Rectanus' use of the mark, what further care, prudence, or diligence could she have exercised?

Further, if Mrs. Regis is to be held estopped, it must be shown that, at the time Rectanus pursued his business, she owed some duty to him or to the public of which he was one. But she was ignorant



of Rectanus' existence; he had started his use of the mark voluntarily and at his own risk of outstanding prior rights. As to the general public, Mrs. Regis had pushed her business as rapidly as she could and by her use of the mark had given notice of her claim to all of the public which she could possibly reach. There is no more reason for charging Mrs. Regis with dereliction in failing to seek out Rectanus' obscure business and assert her rights against him, than there is for charging Rectanus with dereliction in adopting the mark without making any effort whatever to ascertain the existence of any prior right.

And, further, if Mrs. Regis is to be held estopped, it must be shown that Rectanus' continued use of the mark resulted directly from Mrs. Regis' alleged negligence; that is to say, that the alleged negligence must have been the proximate cause of Rectanus' situation. But when Rectanus pursued his own voluntary course without any encouragement or inducement whatever from Mrs. Regis—when he stood, prior to this suit, in precisely the position in which he would have stood had Mrs. Regis' business never existed—it cannot possibly be said that Mrs. Regis' failure to invade the Kentucky territory was the proximate cause, or any contributing cause, of Rectanus' adoption or continued use of the mark.

There are authoritative decisions without number declining to find an estoppel where the acts or omissions complained of were not the proximate cause of the situation sought to be protected by the estoppel. Some of these are discussed in Bigelow

(p. 656 *et seq.*), and the proposition seems so clear we believe that when recalled to the minds of the court it will be accepted without further discussion.

Even if Mrs. Regis' conduct be considered, for argument, as working a species of waiver—even then it cannot possibly raise an estoppel because, as already pointed out, Rectanus cannot be said to have relied upon her silence as to matters of which he had no knowledge whatever. (*Ibid.*, p. 660 and notes.)

It all comes down to this: Rectanus followed a wholly voluntary course, neither encouraged nor restrained by anything which Mrs. Regis or her successors did or omitted to do. We can find no authority whatever which would justify asserting an estoppel upon such facts.

The reasoning and conclusions of the Circuit Court of Appeals in this case are, we submit, directly opposed to, and inconsistent with the doctrines announced in the authorities discussed above. It remains to be seen whether those precedents referred to in the opinions of the Court of Appeals nevertheless justify the decision. As to the cases cited by the Court of Appeals, we shall show:

1. That those decisions are not authority for a finding of estoppel upon the facts of this case; and
2. That the doctrines announced in these cases are not under any circumstances applicable to the facts at bar, except insofar as they support plaintiff's argument.

AUTHORITIES CITED IN OPINION OF CIRCUIT COURT  
OF APPEALS.

Although the Court of Appeals in its first opinion cited certain precedents (about to be discussed) as being suggestive of the conclusions reached, it was explicitly conceded in the second opinion that the decision was without specific precedent. These decisions will be discussed in chronological order.

*Carroll v. McIlvaine*, 171 Fed. Rep., 125;

Same, on Appeal, 183 Fed. Rep., 22:

This is the *Baltimore Club Whiskey* case.

The trial court had found that the *defendant* had been the first to adopt and use the mark, and complainant had never acquired a substantive trademark right. This is the actual basis for the decision below by Judge Hough; and although the opinion contained considerable general discussion, it amounted to mere dictum.

The Court of Appeals also decided against the complainant, but without sustaining any of the grounds adopted by the trial court. The opinion of the Court of Appeals shows clearly that the ultimate decision rested upon gross laches on the part of complainant, with full knowledge of the facts, coupled with *complainant's fraudulent imitation of defendant's labels with the sinister intention of unfairly appropriating defendant's business*.

In the Court of Appeals' opinion, Judge Lacombe devoted nearly four pages to a discussion of complainant's laches; and the first fact noted was that the complainant *had known* of the use by defendant's

predecessor for nearly twenty-five years—from 1882 until the time of the suit. Judge Lacombe said (183 Fed. Rep., 24, 25; our italics):

“This would seem to be sufficient to disentitle complainant to a decree for an accounting; but the question whether its delay will also disentitle it to injunctive relief *calls for a more careful examination of the law and the facts.*”

Thereupon Judge Lacombe quoted at length from *Menendez v. Holt* (*supra*), and, recognizing the clear rules laid down therein, found it necessary to ascertain some *special circumstances* beyond “mere delay or acquiescence” to disentitle the complainant to an injunction. That Judge Lacombe readily found the necessary distinction is evident from the following, quoted from the opinion (p. 27; our italics):

“It is difficult to escape the impression that complainant *intentionally refrained* from bringing suit until some time after McIlvaine's death, in the hope that by that time so many persons in this city (New York) would have acquired the habit of asking for ‘Baltimore Club’ or ‘B. C.’, as it is sometimes referred to, that when it stopped the use of such name by defendant it would itself find a good market outside of Baltimore, the demands of which it could alone supply.”

And this impression of complainant's sinister intention was said by Judge Lacombe (p. 27) to be strengthened by the circumstance, already referred to herein, that *complainant had fraudulently imitated the defendant's labels* in the New York market by the use of a label totally different from any previously used by the complainant.

Thus it is the whole tenor of Judge Lacombe's opinion that some conduct indicating *bad faith* upon the complainant's part was indispensable to afford a distinction from the *Menendez v. Holt* case which would justify the refusal of an injunction. And it is precisely upon this distinction that the reasoning of *Menendez v. Holt*, and *not* that in the *Baltimore Club Whiskey* case, should control in the situation here at bar.

*Macmahan Co. v. Denver Co.*, 113 Fed. Rep., 468:

In this case Judge Adams, for the Court of Appeals of the Eighth Circuit, reduced the issue to the following question (at page 472):

"Did the complainant make such use of the word 'Antiphlogistine' in connection with its medicinal preparation, as to cause it to be known and recognized in the market by that word?"

This question, answered in the negative, necessarily determined the court's decision. After reviewing the evidence the court said (at page 473; our italics):

"Such being the evidence, we are of opinion that complainant's mixture had obtained no such acceptance or reputation in the trade under the name 'Antiphlogistine' as to confer upon complainant *a right of property in that word alone*. The test laid down by the Supreme Court in cases *supra* is not met. The use was *not sufficient to ripen into a right of property*."

Finally, the court said (p. 476):

"We are of opinion, for the reasons hereinbefore stated, that complainant *never acquired*

*any right of property in the word 'Antiphlogistine' as a trade-mark, and, if it had, that the business arrangement made with Dr. Campbell forfeited all right to the equitable relief prayed for in this action."*

Such a decision as this is wholly irrelevant to the circumstances at bar, in which the Court of Appeals expressly found that Mrs. Regis, before 1880—

*"had so adopted and so used the word [Rex] that her title thereto as a trade-mark—and with all the incidents of a common-law trade-mark, was perfected."*

*Hanover Co. v. Allen Co.*, 208 Fed. Rep., 513; same *v. same*, 36 Sup. Ct., 357:

This decision by the Circuit Court of Appeals of the Seventh Circuit has been followed by the Supreme Court "*Tea Rose*" decision already referred to herein; the two opinions employ the same general line of reasoning.

In that case complainant deliberately restricted its business under the "*Tea Rose*" name to the territory north of the Ohio River, and *concurrently used the different and unrelated trade-marks "Trojan" and "Eldean Patent" in the territory occupied by the defendant.* Here complainant's behavior left nothing to implication; it was not only *able* to extend its sales into the defendant's territory, but did in fact do so, and *deliberately* withheld the "*Tea Rose*" name from that territory. By this affirmative act, of course, the complainant should be bound.

Judge Baker's opinion for the Court of Appeals contained the following (p. 519), which has since been approved and quoted in part by the Supreme Court (36 Sup. Ct., 361):

"These cases indicate to us that it is true in a sense that trade-marks are without territorial limitations; but not in the sense meant by the complainant. The sense we perceive is one that goes back to the foundational purpose of the trade-mark suit. Since it is the trade, and not the mark, that is to be protected, *a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark.* But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article."

This is precisely the doctrine for which we contend.

Paraphrasing the text just quoted from Judge Baker's opinion: It is this plaintiff's trade, not its mark *in gross*, that is to be protected; plaintiff's trade-mark "Rex" acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where plaintiff's goods have become known and identified by the use of "Rex." And this includes Louisville, where, before this suit was brought, plaintiff had advertised and sold its Rex remedy, through four stores, to the Louisville public, the greater part of which, so far as the record shows, had no knowledge of defendant's insignificant trade. We make no suggestion that the mark, of itself, could travel to the Louisville market separately from plaintiff's trade.

But we do urge that when that trade had once entered Louisville, and menacing competitive conditions had come into actual existence—all prior to the bringing of this suit—plaintiff's trade-mark was thereby placed in the situation expressly approved by Judge Baker (and now by the Supreme Court), in which it "acknowledges no territorial boundaries \* \* \* but extends to every market where the trader's goods have become known and identified by his use of the mark"

See also Judge Baker's discussion of *Derringer v. Plate*, 29 Cal., 292 (see 208 Fed. Rep., 519). Judge Baker quoted from the *Derringer* opinion:

" 'The manufacturer at Philadelphia who has adopted and uses a trade-mark has the same right of property in it at New York or San Francisco that he has at his place of manufacture.' "

Then Judge Baker said:

"Yes, if Derringer was selling his pistols in the San Francisco market or any market where Plate was trying to palm off his pistols as Derringer's; and we find nothing in the report to show that such was not the fact."

That is to say, if, as in the case here at bar, a defendant is *in actual competition* with the complainant under the same trade-mark, and threatens to palm off defendant's goods as complainant's, then the reasoning applicable to the *Tea Rose* case is not appropriate.

The decision by the Supreme Court in this *Tea Rose* case indicates very clearly the controlling differences between the facts of that case and the circumstances here at bar, as follows:



“There is nothing to show that the Allen & Wheeler Tea Rose Flour has been even advertised in Alabama or the adjoining states and there is clear and undisputed proof that it has not been sold or offered for sale or known or heard of in the trade in Alabama, Mississippi or Georgia. In No. 30 there is uncontradicted proof that the Allen & Wheeler Co. is selling flour in Alabama and Georgia but under the brands ‘Eldean Patent’ and ‘Trojan Special.’ ” (36 S. C., 359; 240 U. S., 405.)

Here it is evident that some *deliberate purpose* to withhold its Tea Rose flour from Alabama must have actuated Allen & Wheeler; there is ample evidence of an *intention* to disclaim the Alabama market so far as concerns the Tea Rose mark, and to use there, instead, the other brands cited. No lack of capital necessary to accelerate the normal growth of the business toward the Alabama markets is accountable (as in Mrs. Regis’ case), for the fact that Allen & Wheeler never reached them.

As distinguished from this, we have every evidence that Mrs. Regis did intend to extend her business and that her successor had actually reached the Louisville market, in perfect good faith, and had begun a substantial business there, many months before this suit was brought.

Further, the Supreme Court opinion states:

“ . . . In 1904 the [defendant] Hanover Company began and has since prosecuted a vigorous and expensive campaign of advertising its Tea Rose flour, covering the whole of the State of Alabama and parts of Mississippi, Georgia and Florida, employing many ingenious and interesting devices that are detailed

in the proofs, with the result that at the commencement of the litigation its sales of Tea Rose Flour in these markets amounted to more than \$150,000 a year, the Hanover Star Milling Company has come to be known as the Tea Rose Mill, the reputation of the mill is bound up with the reputation of Tea Rose flour, and 'Tea Rose' in the flour trade, in the territory referred to, means flour of the Hanover Company's manufacture. There is nothing to show *any present or former competition in Tea Rose flour between the latter company and the Allen & Wheeler firm or corporation, or that either party has even advertised that brand of flour in territory covered by the activities of the other.*"

Contrasted with this, we have in Louisville the very insignificant business of the defendant, Rectanus Company, conducted through a single retail store, and which has had a uniformly small volume of sales for many years; while many months before this suit was brought the complainant was distributing its Rex remedy through *four* retail stores in Louisville and had otherwise extended its business in that remedy to every state in the United States, and had advertised in newspapers in every state and in periodicals having a general circulation throughout the country. The defendant's trade-mark was by no means generally known, even in Louisville; while many months before this suit was brought the complainant's mark was vigorously exploited in that same territory, and, through advertising and sales, came to hold its own place with the Louisville public.

It cannot be said that the word "Rex" in Louisville meant the product of the defendant any more than it meant complainant's. On the other hand, the concurrent use of both marks in Louisville means confusion and deception of the public, and a stimulus to the defendant to enlarge its long insignificant business by trading upon complainant's national advertising and good-will.

We believe the Supreme Court has explicitly approved your petitioner's argument by the statement in the *Tea Rose* opinion as follows (36 Sup. Ct., 361):

"That property in a trademark is not limited in its enjoyment by territorial bounds, but may be asserted and protected wherever the law affords a remedy for wrongs, is true in a limited sense. Into whatever markets the use of a trademark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress."

But in this *Rex* case the Court of Appeals (in its second opinion) has criticized the application of this doctrine (at 226 Fed. Rep., 555) by saying:

"Nor can we think that the presence of actual competition between the parties at the time suit is commenced is the sole criterion by which cases are to be distinguished, as the petition [for rehearing by the Court of Appeals] urges with reference to *Hanover Co. v. Allen Co.*, 208 Fed., 513, *supra*. Whether the ground of the defense be laches or estoppel, if the defense is good today, it does not seem that it can be bad next week, merely because in the meantime plaintiff first brings in and offers for sale his goods in the local territory where defendant is established. If so, then neither defense could

ever avail, because plaintiff could always delay bringing suit for a few months or a year and until after he had come in and was selling some goods in defendant's territory—which is practically what happened in this case."

But this criticism, we submit, is beside the point. It is precisely to avoid such criticism that we prescribe in our proposed rule stated above, that the first user must extend his trade into defendant's markets, in *good faith*.

We do *not* urge, when an actual *abandonment* of certain territory has resulted from the complainant's *intentional* withholding therefrom of his trade (as in the *Tea Rose* case), that thereafter the mere artificial creation in that territory of fictitious competitive conditions could alter the case so as to entitle complainant to an injunction. If a complainant had *deliberately* withheld one trade-mark from the defendant's territory for a long period, *while invading that territory with other marks* (as in the *Tea Rose* case), thereby demonstrating an intention permanently to relinquish the territory, perhaps no subsequent extension of the complainant's trade could avail to avoid the already created estoppel; and we believe this is the doctrine intended to be settled by the Supreme Court's opinion in the *Tea Rose* case.

And similar reasoning was followed in Judge Lacombe's opinion for the Circuit Court of Appeals in the *Baltimore Club Whiskey* case, wherein it was held that the complainant's business, which had long been confined to Baltimore, had not been extended into defendant's New York market *in good faith*, but

with the sinister intention of unfairly appropriating defendant's business, with the assistance of fraudulent imitations of defendant's labels. Judge Lacombe discovered the complainant in the exercise of *bad faith* in extending its business—not normally, but with an unfair intention.

In like manner, it should always be entirely possible to distinguish between an entry into a defendant's market in good faith, in the course of a normal growth of business, and a tardy extension into defendant's territory which had been promoted merely to create artificial competition in repudiation of a previously expressed *deliberate intention* to refrain from such competition.

And the case of this plaintiff falls in that class wherein the growth of the business and the ultimate entry into defendant's market have resulted, in good faith, from strictly natural and usual causes, and which deserves every protection which a court of equity can give.

If plaintiff had extended the original Regis business from New England and the Atlantic seaboard states merely into Louisville (neglecting other markets), with the evident intention of creating an opportunity to attack the respondent-defendant, then the good faith of your petitioner might have been questioned (as in the *Baltimore Club Whiskey* case); because such a growth, spanning the distance from the Atlantic seaboard states to a single locality like Louisville, would have been abnormal, and would have indicated some improper motive, such as constrained the Court of Appeals to deny relief to the complainant in the *Baltimore Club* case. But the

fact is that plaintiff, upon buying the Regis business, extended it into all the states of the country practically simultaneously, with advertising and actual trade. And this ensued in the course of a logical growth, which was rendered successfully rapid in its later stages because of the ample resources and established organization of your petitioner—just such a rapid extension as would have occurred many years before if Mrs. Regis had possessed the necessary capital. In other words, petitioner entered defendant's market only incidentally to a normal, country-wide expansion which was promoted honestly and in perfect good faith.

Thus, against the criticism of our position by the Court of Appeals, as quoted above, we submit that there are two absolutely sound tests which should be and can be applied in such instances as the *Tea Rose* and *Baltimore Club* cases and the present *Rex* case, to-wit: First, is there competition between the parties? If not, then neither the complainant nor the public needs, or should receive, protection (*e. g.*, the *Tea Rose* case); if there is competition, then the second test must be applied. Second, there being competition, has it been brought about *in good faith* by a natural extension of the complainant's business, as in this *Rex* case (if so, the complainant is entitled to protection); or has it been brought about in bad faith for unfair purposes, as in the *Baltimore Club* case (if so, then the complainant is entitled to no relief)?

This brings us back to our proposed doctrine stated at the beginning of this argument—that if the first user of the mark has been reasonably diligent and has acted *in good faith* in bringing about competitive conditions, then he is entitled to an injunction.

Clearly this doctrine is in no degree inconsistent with the decision in the *Baltimore Club* whiskey case, or in the *Tea Rose* flour case.

It is clear from the Supreme Court opinion that the doctrines of the *Tea Rose* case were intended to have but limited application. The court said (36 S. C., 359):

“In view of possible consequences to the rights of parties not before the court, it is desirable to limit the range of our decision as much as practicable, especially as the proofs now before us are incomplete and in some respects unsatisfactory.”

Thereafter the Supreme Court said (page 360; our italics):

“The decision of the Court of Appeals for the seventh circuit in favor of the Hanover Company and against the Allen & Wheeler Company *was rested* upon the ground that although the adoption of the Tea Rose mark by the latter antedated that of the Hanover Company, *its only trade, so far as shown, was in territory north of the Ohio River*, while the Hanover Company had adopted ‘Tea Rose’ as its mark in perfect good faith, with no knowledge that anybody else was using or had used those words in such a connection, and during many years it had built up and extended its trade in the southeastern territory, comprising Georgia,

Florida, Alabama and Mississippi, so that in the flour trade in that territory *the mark 'Tea Rose' had come to mean the Hanover Company's flour, and nothing else.* The court held in effect that the right to protection in the exclusive use of a trademark extends only to those markets where the trader's goods have become known and identified by his use of the mark; and *because of the nonoccupancy* by the Allen & Wheeler Company of the southeastern markets it had no ground for relief in equity."

This is the only possible interpretation of the decision by the Seventh Circuit Court of Appeals. There had been a deliberate withholding of plaintiff's trade from defendant's territory; there was no competition between the parties; plaintiff's trade was not being pirated; the public was not being subjected to deception or confusion. Obviously there could be no need for, nor right to, an injunction.

The same conclusion could have been reached in another way. No one is entitled to an injunction unless he is actually or potentially damaged. In the absence of any actual or impending competition between trademark users, neither party could possibly suffer anything but *damnum absque injuria*, and, therefore, neither could be entitled to injunctive relief.

It was on precisely this general line of reasoning that the Supreme Court affirmed the Seventh Circuit Court of Appeals in the *Tea Rose* case. The Supreme Court opinion says (36 S. C., 361):

*"In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles*



*the question.* But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant; unless, at least, it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."

Again, the Supreme Court opinion says (*Ibid.*):

*"Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress. But this is not to say that the proprietor of a trade-mark, good in the markets where it has been employed, can monopolize markets that his trade has never reached, and where the mark signifies not his goods, but those of another."*

Again (36 S. C., 363), the Supreme Court said:

*"We are not dealing with a case where the junior appropriator of a trade-mark is occupying territory that would probably be reached by the prior user in the natural expansion of his trade, and need pass no judgment upon such a case."*

By this statement, the Supreme Court expressly excluded from the operation of this Tea Rose decision, a situation wherein the junior appropriator of a trademark is occupying territory that *has already been reached by the prior user* in the natural expansion of his trade—*i. e.*, precisely the situation here at bar.

From the excerpts quoted above, it is clear that the Supreme Court rested its decision upon the total lack of competition between the parties, due to the fact that the plaintiff had *intentionally*, for many years, withheld its trade from the territory occupied by the defendant.

The only possible excuse for confusing the doctrines applicable to the *Tea Rose* case, with those applicable to this Rex case, resides in the following part of the text of the Supreme Court *Tea Rose* opinion (our italics):

“Allowing to the Allen & Wheeler firm and corporation the utmost that the proofs disclose in their favor, they have *confined* their use of the ‘Tea Rose’ trademark to a *limited territory*, leaving the southeastern states untouched. Even if they did not know—and it does not appear that they did know—that the Hanover Company was doing so, they must be held to have taken the risk that some innocent party might, during their forty years of inactivity, hit upon the same mark and expend money and effort in building up a trade in flour under it. If, during the long period that has elapsed since the last specified sale of Allen & Wheeler ‘Tea Rose’—this was ‘in the later 70’s’—that flour has been sold in other parts of the United States *excluding* the southeastern states, no clearer evidence of *abandonment by nonuser* of trademark rights in the latter field could reasonably be asked for. And when it appears, as it does, that the Hanover Company in good faith and without notice of the Allen & Wheeler mark has expended much money and effort in building up its trade in the southeastern market, so that ‘*Tea Rose*’ *there means Hanover Company’s flour and nothing else*, the Allen & Wheeler Company is *estopped* to assert trademark infringement as to that territory.”

The significant circumstances stated in this quotation, are that the Allen & Wheeler firm "have *confined* their use" to a limited territory; that they had sold the flour elsewhere while "*excluding* the southeastern states"; that the Tea Rose mark in the southeastern market "*means Hanover Company's flour and nothing else.*" These circumstances import considerations which are of controlling effect to distinguish from the present Rex case.

The *confining* of the Allen & Wheeler Tea Rose business to a limited territory, the *exclusion* of the southeastern markets from the Allen & Wheeler trade, the sale of the Tea Rose flour *elsewhere in the country and not in the southeastern markets*—are all deliberate acts or omissions conclusively demonstrating a *fixed intention* not to enter the southeastern markets. When the Supreme Court says that Allen & Wheeler is estopped, it means that it will not be permitted to repudiate *the fixed intention*, evidenced by its affirmative acts covering a period of forty years. The Supreme Court explicitly states that this conclusion rests upon abandonment by non-user. This abandonment rests essentially upon an *intention to abandon*; and that intention is not merely inferable from but is directly evidenced by Allen & Wheeler Company's *confining* of its use of the Tea Rose mark to a limited territory while *excluding* it from the southeastern markets, and at the same time using other and different trademarks in the southeastern markets.

But those circumstances are vitally different from these here at bar. Mrs. Regis did nothing from which to infer an intention to abandon any market. On

the contrary she diligently extended her business as rapidly as her resources would permit; she procured her federal registration in 1900; and her successor extended the Rex business into every market of the country, and incidentally engaged, in perfect good faith, in vigorous competition with this defendant.

There is no escape from the conclusion that the doctrines of the Tea Rose case are not applicable to this Rex case; and that in fact the Supreme Court intended to exclude the circumstances of the Rex case from the operation of these doctrines.

When the Tea Rose decision is compared with that in *McLean v. Fleming* (*supra*), it is evident that the rule of the latter and not that of the former should control in the *Rex* case.

The only significance which can possibly attach to the fact that Mrs. Regis did not enter the Louisville market until some years after her adoption of the mark, is that *the notice to Rectanus* of her adverse claim was delayed. But under *McLean v. Fleming*, such delay cannot suffice to defeat an injunction.

Perhaps it is true that (in the absence of her federal registration) Mrs. Regis would not have been entitled to an injunction in, say, the year 1900, before her trade had reached Louisville. Under this hypothesis, the lack of any competition between the parties would have precluded actual damage to Mrs. Regis, or confusion or deception of the public. Hence no injunction would have been necessary or proper.

But thereafter, when her trade had been extended, in good faith, into the Louisville territory, new facts of controlling importance thereupon arose; the vig-

orous exploitation of the business in Louisville made the Regis Rex mark well known to the public in that market; and the active competition between the parties not only threatened to and in fact damaged the business of the first user, but also menaced the public with confusion and deception.

These new facts bring this plaintiff's case directly within the purview of that statement by the Supreme Court in the *Tea Rose* case (*supra*):

“Into whatever markets the use of a trade-mark has extended, or its meaning has become known, there will the manufacturer or trader whose trade is pirated by an infringing use be entitled to protection and redress.”

We believe the foregoing has demonstrated the impossibility of deciding this *Rex* case upon the reasoning in either the *Baltimore Club Whiskey* case or the *Tea Rose Flour* case, wherein the proofs established either a long, *deliberate* delay followed by an eventual invasion of defendant's trade *in bad faith and by fraudulent methods*, or else a *wilful, permanent abandonment* by complainant of defendant's market and a *complete lack of competition between the parties*.

*Saxlehner v. Eisner*, 179 U. S., 19:

This case also, in that branch thereof where complainant is denied relief, is not to be confused with the present case, because in the former the complainant was held to have permitted his mark to become *public property* throughout the United States; he had no substantive right whatever in the trade mark.

The Court of Appeals in this *Rex* case has decided just the contrary, to-wit, that your petitioner's trade mark right is perfect except for a possible defensive right on the part of the respondent in a limited territory.

*Kahn v. Gaines*, 155 Fed. Rep., 639;

*Same, on Appeal*, 161 Fed. Rep., 495:

This is another case referred to in the Court of Appeals' first opinion in this *Rex* case. But the gist of the decision is that the defendant had used the mark for several years *prior to its adoption by the complainant*, and had thereby established a sound defensive position. Perhaps the prior use by the defendant of the trade mark in question ("Old Crow") had utilized merely a descriptive character of the name; but that is immaterial, since the defendant's was the prior equity (*vide* 161 Fed. Rep., at 502). This is obviously distinguished from the present *Rex* case, wherein your petitioner owns the prior legal title and has the prior equity.

It is clear that the authorities referred to by the Court of Appeals announce no doctrine applicable to the circumstances of this *Rex* case; there is absolutely no precedent which, directly or by analogy, supports the decision. We shall next examine the circumstances which seem to have persuaded the Court of Appeals to devise its radically new doctrine, and shall ascertain whether this doctrine is justified in the premises.

## ANALYSIS OF THE COURT OF APPEALS' OPINION.

The Court of Appeals said (226 Fed. Rep., 552) that the

"conclusion of estoppel *cannot be maintained* unless it shall be assumed that Mrs. Regis was guilty of some neglect toward the public or toward the class of which Rectanus was a member, and that Rectanus, because of that neglect has changed his position.

"It is true there can be no neglect, unless there is a duty, but these are relative terms. There can be no absolute duty resting on one who adopts a trademark to bring it at once to the attention of everybody."

This alleged duty, and the alleged neglect thereof, on the part of Mrs. Regis, being thus the crux of the case, in the view of the Court of Appeals—we have to inquire what that duty is supposed to have been, and what, if anything, constituted the neglect.

The Court of Appeals intimates (226 Fed. Rep., 553) that Mrs. Regis should have resorted to trade journal advertising. The opinion says:

"From 1883 (when Rectanus' use began), until now, it has been true that a small expense in trade journal advertising enables the trademark proprietor to put his article and its name before the entire trade; and the custom of so doing has been well-nigh universal."

This statement is objectionable for many reasons. It is absolutely unsupported by anything in the record; and beyond question the expense, the desirability, and the efficacy of trade journal adver-

tising, in a case like the present, are no fit subjects for judicial notice.

If the Court of Appeals had been relying upon personal knowledge of trade journal advertising, it would have recognized that advertising of proprietary medicines is necessarily addressed almost invariably to the consuming public; that such media as trade journals are notoriously inefficient in reaching that public; and that retail druggists, who are the distributors to the consumer, take little if any interest in trade journals, but make their response mainly to the demands of the public created by general, and not trade journal, advertising. It is safe to say that even an expensive campaign of trade journal advertising by Mrs. Regis would not have approached anywhere near the object suggested by the Court of Appeals.

There is not a word in the record to indicate that Rectanus, a retail druggist conducting a single store, ever consulted trade journals or that in the eighties or nineties or even later, for that matter, there were any trade journals in the drug business in which Mrs. Regis might have advertised.

There is absolutely no foundation in the record for the Court of Appeals' statement that "the custom of so doing [advertising in trade journals] has been well nigh universal"; in fact this is emphatically not accurate when applied to the proprietary medicine business.

Perhaps, then, the Court of Appeals would say that Mrs. Regis might have engaged in a general advertising campaign in periodicals having a nationwide circulation. But this would have been an ex-



traordinary and impossible procedure, because Mrs. Regis could not finance such advertising, nor could she have supplied the demand which it might have created.

The Court of Appeals makes no further affirmative suggestion of a course which Mrs. Regis might have adopted to avoid the alleged "neglect" of her supposed duty "toward the public or toward the class of which Rectanus was a member." On the contrary the Court of Appeals contents itself with negative criticism of what Mrs. Regis did.

For instance, the court says (226 Fed. Rep., 553):

"Mrs. Regis, at least prior to 1900, made no appreciable effort to extend her trade or her mark beyond Massachusetts; the instances of sales beyond that field are almost negligible. She advertised in no journal. She employed no outside solicitors. Knowledge of the remedy and its name did not spread, save as one user told another, and save as she and one or two others canvassed from house to house in a few Massachusetts towns."

This statement of fact is not supported by the record. The testimony bearing upon this subject and which stands absolutely undisputed, is as follows (Transcript, page 59):

"Mrs. Regis: During the time I conducted the business I advertised the preparation in some church programs, and different societies would come around and want me to give them an ad. And I would give them. I had a card in the window and put signs on fences and later along, in *calendars and newspapers*. I did quite a little advertising in the way of *circulars*; I left that to my daughter mostly."

Again Mrs. Regis (Transcript, page 64):

"I have sent the pills to a good many places in Massachusetts, Lawrence, Lowell, Amesbury, Newburyport, Merrimac, Boston, Charlestown and most all different places. I have got letters from a good many of the places. They would send for two dollars worth, and some of them five dollars worth.

"Outside of Massachusetts I have sent pills to New York. I did not go there and sell them; folks wrote for them. I sold some in New Hampshire, Maine and Vermont. It was sent to Canada and Nova Scotia by different ones."

Mrs. Regis' daughter, Annie J. Regis (Transcript, page 71):

"Later on of course when we had it put in tablet form we had worked up quite a business until we had a real good sale for it and it kept increasing. The sales were not confined to Haverhill. They extended to quite a few cities, Lawrence, Lowell, Boston, Salem, Danvers, Beverly, Peabody, Merrimac, Amesbury, Newburyport and a number of places in New Hampshire, Maine and other states such as Vermont, New York, New Jersey and some was sent to Canada and Nova Scotia."

Annie J. Regis (Transcript, page 71):

"We had circulars printed and advertised in newspapers, programs, directories, posters and window cards. The earliest form of advertising was the window cards which I think were first used about 1883."

Miss Annie J. Regis also testified (Transcript, page 72) that having previously used written labels, they began using printed labels in 1893, because of the increase in sales of the Rex medicine. Of the

specimens of labels referred to for illustration in the testimony, they procured respectively lots of five hundred or a thousand, ten thousand and twenty-five thousand, and so on. Also Miss Regis testified (Transcript, page 73) that between the years 1898 and 1902 they used circulars advertising the Rex medicine, to the total of about sixty-one thousand, sample circulars being in evidence as United Drug Company's Exhibits "13" to "16" inclusive.

Further, samples of early *magazine advertising*, covering the period from 1898 to 1902, were testified to by Mrs. Regis (Transcript, page 74), the particular magazine in evidence being "The Catholic Calendar," published in Haverhill. Examples of The Catholic Calendar are in evidence as United Drug Company's Exhibits "27" to "31" inclusive.

As we have already stated, the testimony referred to stands absolutely undisputed, and it indicates unquestionably a diligent promotion of the business which started with Mrs. Regis' own mixing of the ingredients in her home. The business was unquestionably a substantial interstate business extending throughout the New England states and into New York, New Jersey and to some extent into Virginia, and entering also into foreign markets through the sales in Canada and Nova Scotia.

When it is considered that Mrs. Regis started a purely local business about 1880, and in the early nineties had so far progressed as to require thousands of labels, and in the late nineties to require over sixty thousand advertising circulars, having in the meantime used several different advertising media including magazines and newspapers—it can-

not be disputed that she had been diligent to a very praiseworthy degree in pushing the sales of a kind of merchandise which at best is always difficult to introduce and sell. We reiterate therefore, that there is no justification for the statement by the Court of Appeals that Mrs. Regis "at least prior to 1900, made on appreciable effort to extend her trade or her market beyond Massachusetts."

Nor is there any justification for the court's saying (226 Fed. Rep., 554):

"It is enough to say that in (*e. g.*) 1895, at the end of more than fifteen years of this policy of doing nothing *in any of the customary methods* to give either the trade or the general public knowledge of the claimed trade-mark, Mrs. Regis was bound to know that others would be likely to adopt or to be using the same word, in ignorance of her appropriation, and be making investments therein."

But what, we ask, could Mrs. Regis have done, by any possibility, which would have accorded more strictly than what she did do, with "the customary methods" of reasonably conservative producers. She had started her trade by house to house canvass and by sale among her friends. She had advertised by window cards and posters, and later in magazines and newspapers and by circulars; she had gradually developed her business until it involved mail orders and interstate shipments to many different states. She had promoted her business in precisely the way that any business of small beginnings must necessarily be promoted.

It would have been preposterous, under the conditions which surrounded her business, to have attempted anything like a general advertising campaign. No producer could ever be expected to indulge in advertising in any territory which he is not prepared to enter at once or presently, with his actual trade. We venture to say that it has never before been suggested that a trader should advertise broadcast, simply in the vague expectation that he might thereby give notice to an unknown adverse user, in markets which the trader's circumstances render it impossible for him to invade until some time in the indefinite future.

We protest therefore that Mrs. Regis followed the only normal or reasonable course, and exercised the highest degree of diligence possible in her circumstances. And her diligence was made manifest in the gradual extension of her trade until it occupied the densely populated territory of New England and states near-by on the Atlantic seaboard, and extended into Canada and Nova Scotia.

The desire and intention to expand her trade, which underlay all of Mrs. Regis' effort, eventuated in her sale to the United Drug Company and the consequent rapid extension of the business throughout the United States which ensued as soon as the new and greater resources of the present plaintiff became available.

It is a striking circumstance that Mrs. Regis, in 1900, about eleven years before she first heard of defendant's use, procured a federal registration of

her trade-mark. Here is a culminating demonstration of her diligence and her intention to make a country-wide claim to her trade-mark right. And the Court of Appeals concedes at least that much, when it says (226 Fed. Rep., 554; our italics) :

“The application for registration itself shows that a use which might have been indefinite or fugitive has *grown and developed into a definite claim of right, covering interstate and foreign commerce*. It may well be that either a federal registration or some suitable advertising would, in a particular case, be notice enough to the public of which the defendant was a member, so that every obligation of fairness resting on the claimant would be satisfied, and so the defendant would have no basis to say that he had been both innocent and diligent while the claimant had been careless and indifferent in creating the situation tending to make an estoppel. These questions are not presented; nor is it necessary to say that at any particular time Mrs. Regis became charged with any particular degree of duty to make her claim generally known.”

Thus even under the unique doctrine stated by the Court of Appeals, it appears that at least in 1900 Mrs. Regis' diligent pursuit of her business had “grown and developed into a definite claim of right covering interstate and foreign commerce”; and that from that time on defendant might well have been charged with notice of her claim.

In the last analysis, however, it comes to this: That it is impossible to suggest any normal or reasonable thing which Mrs. Regis failed to do, and which she could have done in the exercise of ordinary business judgment. She pursued the usual

conservative course which is inevitable for any trader who begins on a small scale and with small capital.

Thus even if the novel doctrine advanced by the Court of Appeals were sound in law and equity, when applied to the particular state of facts outlined in the opinion—we find that those facts are not consistent with the record, and that there is no justification whatever for the finding that Mrs. Regis was in any degree indifferent to the market in Louisville or elsewhere in the country.

This brings us back to the doctrine which we proposed at the beginning of this argument, with particular reference to the matter of "reasonable diligence" in extending the business of the first user. We submit that Mrs. Regis' conduct complies with every possible definition of reasonable diligence. Certainly her behavior is not to be compared with that of the plaintiff in the *Tea Rose* flour case, who deliberately withheld the Tea Rose mark from the defendant's territory while invading that territory with other unrelated marks; nor with the behavior of the plaintiff in the *Baltimore Club* whiskey case, who deliberately withheld his trade from the defendant's New York market until the size and value of defendant's trade finally induced the plaintiff to enter New York in an attempt to appropriate that trade by unfair and fraudulent imitations of the defendant's labels.

Mrs. Regis was unquestionably diligent, and the sole possible significance of her unavoidable delay

in entering Rectanus' Louisville market, pertains to the fact that Rectanus was not put upon his notice at an earlier date than 1911. But under the Supreme Court decisions in *McLean v. Fleming* and other cases referred to above, such delay as that is wholly immaterial and cannot affect the right to an injunction.

Aside from the fact that the doctrine advanced by the Court of Appeals is without precedent and is inconsistent with well settled authority, it is also true that that doctrine, if permanently injected into trademark jurisprudence, would offer a serious and practical menace to the interests of trademark owners generally.

#### THE PRACTICAL ASPECTS OF THE COURT OF APPEALS' DOCTRINE.

To facilitate comparison with the practical working of the Court of Appeals doctrine, we shall review the operation of the rule which we propose.

The first opinion of the Court of Appeals says:

"The demand of the Drug Company for an injunction against Rectanus rests upon the proposition that a trade-mark right, once acquired, is exclusive and extends at least throughout all places subject to the laws of the United States."

This is expressed in too general terms to be an accurate statement of complainant's thesis.

We do *not* contend that the adoption and use of a trademark in one corner of the country immediately and *ipso facto* creates a right of action against



subsequent users in all other parts of the country. Such a sweeping proposition as this could not be maintained in view of the *Tea Rose* flour case (*supra*), nor have we occasion to advance such a theory.

We do *not* contend that, if plaintiff's business had continued to be confined within New England, for instance, and had never reached competition with the defendant, that the merely theoretical injury which might result to plaintiff from defendant's use of the mark would justify injunctive relief.

We do most earnestly contend, however, that, once having perfected a title to a trademark, and having continued and extended the business thereunder in perfect *good faith* and with the utmost diligence permitted by meager resources, Mrs. Regis had thereby established an indefeasible right to carry her trade, and the appendant trademark, into all the markets of the country and there to enjoy them without interference from infringing users of her trademark.

Having in mind that equity will suppress trademark infringement largely in the interests of the purchasing public, we readily concede—what was held in the *Tea Rose* flour case—that no *enforcible* right against an infringer accrues to a trade-mark owner until the public interest in the premises is at least materially threatened. By this we mean that there may be no right of action until actual or potential competitive conditions arise, so that the two trade-marks are brought, or are threatened to be brought, into actual conflict. As the Court of Ap-

peals for the Seventh Circuit expressed it in the *Tea Rose flour case* (*ante*, p. 27):

"a trade-mark acknowledges no territorial boundaries of municipalities or states or nations, but extends to every market where the trader's goods have become known and identified by his use of the mark. But the mark, of itself, cannot travel to markets where there is no article to wear the badge and no trader to offer the article" (208 Fed. Rep., at 519).

Assume, for example, that plaintiffs' use of "Rex" at the present date has extended to, but not beyond, the Rocky Mountains. In this situation—according to our contention—plaintiff could not suppress the use of the same mark by another in San Francisco, because the trade of plaintiff has not yet transported the mark to San Francisco; the doings of the San Francisco user can produce nothing more than *damnum absque injuria*; and no part of the public is threatened with injury from the concurrent uses in *different markets*. But if, at the end of six months from this time, the plaintiff, acting in *good faith*, should have succeeded in pushing its business into San Francisco, then its trade would have transported the mark to the San Francisco market, competition would have begun or would be immediately impending, and (assuming plaintiff's priority of adoption and use) an injunction should certainly issue—for the two-fold purpose of vindicating plaintiff's legal title and prior equity, and preserving the public in San Francisco against the inevitable confusion which would arise from the concurrent use of the conflicting marks in the same district.

Thus the practical working out of the theory for which we contend is entirely reasonable and proper. It would require the suppression of infringement under those circumstances only which involve the interests of the public and an actual or immediately threatened injury to the trade-mark owner; and in those markets only to which the owner's actual trade, in good faith, had transported the appendant mark. What is of prime importance—the public would be vigilantly protected against confusion and deception.

Compare these results of operation of our proposed rule, if the court please, with the effects of the doctrine proposed in this court's opinion:

In the first place, to deny an injunction in this case is to perpetuate in Louisville the competition between the Rex products of the two parties, with inevitable confusion and deception of the public. In other words, it is to promote precisely that injury to the public which it is the object of equity to prevent, as was said in the *Baltimore Club Whisky* case (*supra*).

It is inconceivable, we submit, that any court could deny plaintiff—with its prior title and equity—the right to sell its Rex product in Louisville; and if the refusal of an injunction leaves an equal right in the defendant, then the two Rex products will be in the hands of Louisville retail druggists and their clerks, who, either innocently or intentionally, will be sure to deceive purchasers and make substitutions.

In this connection it should be borne in mind that there are three distinct classes of the public to be considered in measuring the effect of trade-mark infringement: For example, in Louisville there may be a class which relies upon defendant's Rex mark and is ignorant of complainant's; another class which relies upon complainant's mark and is ignorant of defendant's; and a third class which is as yet ignorant of both, but from which the future patronage of both businesses must be drawn. Obviously, the third class is by far the largest of the three.

The first class—defendant's customer's—are already familiar with the appearance of defendant's packages, and the places at which defendant's Rex remedy is on sale. It would be difficult, perhaps, to substitute complainant's remedy for defendant's in a sale to any one of this class. In other words, these are not the customers who most need protection against deception and substitution.

The same is true of the second class—complainant's customers—who, being already well informed as to the appearance of complainant's product and the stores which sell it, would be unlikely to be subject to serious confusion.

Thus it is of minor, if any, importance that the court should be particularly solicitous of those two classes of the public who are sufficiently well-informed to protect themselves adequately. But the situation is altogether different as regards the third class.

The advertising of a trade-marked product is addressed almost entirely to this third class of the

public. Nearly all publicity work and skilled salesmanship is addressed to this class. And when advertising or general reputation of a Rex remedy has once aroused the interest of a member of this class, he immediately becomes a potential victim of deception. He is not yet familiar with the dressing, or the places of sale, of the Rex remedy to which he has been attracted; or, if he has read or has been told of the dress or place of sale, he is unlikely to remember either, although the trademark itself would be readily retained in his memory—this being the principal purpose and utility of a trademark. Then, if he has been attracted by complainant's advertising, he is just as likely to be deceived into the purchase of defendant's product; and *vice versa*.

It is clear, therefore, that that class of the public which it is the main object of equity to protect is the class of prospective purchasers of the trademarked article.

Hence, if an injunction issue against the defendant herein, this third class of the public will be confronted by only the single trademark of the complainant, and all danger of confusion and deception will be eliminated; while, on the other hand, the only part of the public which will be threatened with any damage will be that comparatively small class—defendant's customers—who are already acquainted with defendant's product and are little, if any, in need of protection against deception. It would be particularly easy in this case to avoid harm to this part of the public, because this defendant's sales are made exclusively through a single re-

tail drug store, and a brief oral explanation could be made, that, although the product inquired for is still on sale, its name has been changed.

But if the injunction be denied, then the effect will be inevitably to promote *in perpetuum*, deception and confusion of this third and most important class of the public.

We submit that this court cannot possibly approve the doctrine announced by the Court of Appeals, without wholly disregarding the interests of the general public of Louisville and thereby doing violence to those very theories of protection to the public upon which the law of trademarks so largely rests.

Furthermore, the perpetuation of that doctrine would tremendously diminish the salable value of a trademark in the hands of an owner who may have spent years of diligent effort in creating a valuable good-will.

Suppose a man, starting with little or no money, builds up, during fifteen years or more, a business in a meritorious trade-marked product, but which he has been unable to extend beyond half a dozen contiguous states. If the law of trademarks be such that this man's mark would be his, exclusively (subject only to prior rights), in all of the markets to which his trade could be extended—then his years of effort would have created of that trademark a valuable asset which would be salable at a large price.

But if his trademark right must lose its exclusive character—and therefore its only value—upon

encountering a *later* use in some new market, then the worth of the trademark as an asset is wholly problematical; no investigation which could be made practically would safeguard a business successor against what, in any number of markets, would effect the destruction of all value of the mark. No purchaser would pay a substantial price for a trademark under such circumstances.

If it be attempted to dispose of the foregoing proposition by saying that the salable value of a trademark would be equally diminished because of the possibility of a *prior* right being discovered—the answer is that there cannot be more than a *single first user* of a trademark entitled to be protected to the exclusion of everyone else. The risk of a trademark proprietor as against such a one, is infinitely small as compared with his risk of encountering an indefinite number of later users, scattered over the country, whose respective uses, if permitted to continue, would wholly destroy that exclusive character of the proprietor's mark upon which its value almost wholly depends.

We reiterate that a trademark is valueless unless it is susceptible of absolutely exclusive appropriation throughout the territory in which the owner is entitled to trade. This is so well settled as to need no support by citation of authority. And the operation of our proposed doctrine would preclude the existence in any market of conflicting trademarks, instead of perpetuating the confusion between them as would the doctrine of the Court of Appeals in this case.

Moreover, the theories advanced by the Court of Appeals would place a tremendous burden upon legitimate trade-mark users and at the same time would encourage deliberate infringement.

For example, under the Court of Appeals doctrine, if a business be started in one corner of the country upon the foundation of a trade-mark, the only measures which would adequately safeguard against fraudulent competition and deception of the public in innumerable markets, would be either the invasion of all of the markets simultaneously, or else the investigation of every market from time to time to discover competitive uses. It would be entirely unsafe for any new business under a trade-mark to be permitted a conservative, deliberate growth (which might be slow for lack of capital); because the merited popularity of the trade-mark in its first market, in these days of an extensive traveling public, would inevitably become known, in more or less remote markets, to pirates who would forthwith adopt the mark in entire security that their fraudulent intentions could never be proved. Thereafter, say in ten years, the original trade, having undergone a natural and sound growth, would reach the pirate's market and there encounter the necessity to elect whether to *endure* the pirate's competition and see the value of the legitimate trade-mark extinguished, or else to buy out the infringing business at the far-sighted pirate's own price.

It all comes down to this: If the founder of a business under a trade-mark can occupy all of the markets of the country practically simultaneously, he will have little to fear from the rule which the



Court of Appeals suggests. But if, instead, he has a meager capital and must enlarge his territory only with praiseworthy conservatism, so that it may take him a decade or more to reach some of the most valuable markets in the country, he must anticipate the practical destruction of his trade-mark in at least some of those markets; and his absolute good faith and diligence can avail him nothing if only his resources be limited. In short, the proposed doctrine could not but discourage small enterprises which would otherwise give great promise, while, on the other hand, large and wealthy concerns would be substantially unaffected.

As to the encouragement of deliberate infringement, the result of the Court of Appeals' doctrine has already been suggested. Those who are constantly in touch with commercial practices involving trade-marks realize the existence of an unhappily large number of persons who only await opportunities to appropriate valuable trade-marks under circumstances which render the proof of fraud impossible. When such a pirate learns of a popular trade-mark in some comparatively remote part of the country, he adopts it for his own mark. Then, when the legitimate trade finally encounters the pirate's competition in the latter's market, nothing remains, under the proposed doctrine, but to accept the situation or pay the pirate's price. Under such circumstances the pirate would undoubtedly set up his innocence and good faith which the first user would be at a loss to rebut. We see no escape from the conclusion that the proposed doctrine would im-

measurably encourage this despicable sort of practice which is already too prevalent.

When all of the considerations are reviewed, it is seen that at the very foundation of all trade-mark law there stands the absolute necessity that only *a single vendor* in any market shall use any given trade-mark upon any given species of merchandise. There can be no proper exception to this rule. If it were otherwise, like trade-marks competing in the same market would perform no useful function whatever.

The whole value and purpose of a trade-mark reside in its exclusive indication of a single, common origin of all articles which bear the mark; trade-marks have been described in these terms ever since the beginning of trade-mark law. Relying upon the trade-mark as an indication of an ascertained origin, the public is enabled to identify articles which have been commended in advertising or otherwise, and to reduplicate purchases of articles which have been tried and found satisfactory. Because of these circumstances, the owner of a trade-mark for a meritorious product is enabled to derive a just reward for his effort and to obtain a proper recognition of the high character of his product.

But none of these advantages can accrue either to the public or to any trade-mark owner, if two or more are selling competing merchandise under the same mark in the same market. And when these principles are applied to the circumstances here at bar, they cannot but require, we submit, a reinstatement of the injunction ordered by the trial court.

It is evident, therefore, that not only has the Court of Appeals departed from established precedent in devising a unique doctrine wholly repugnant to the rules laid down by the Supreme Court in *McLean v. Fleming*, and other cases—but also, if that doctrine were put into practical application, it would disastrously affect trade-mark rights in general, and impair the stability of every business (of many thousands in this country) which rests mainly upon a trade-mark. Hence, we submit, the Supreme Court should be constrained to reject the Court of Appeals' doctrine in favor of some such rule as we have proposed above—particularly in view of the fact that such a rule is in strict accord with the settled principles of trade-mark law and would operate, in practice, for the satisfactory protection and stabilizing of businesses under trade-marks.

### CONCLUSION.

We have demonstrated above, we submit, the following:

#### I.

There is absolutely no precedent which justifies, or even remotely suggests, by analogy or otherwise, the decision by the Court of Appeals. All of the cases cited by the Court of Appeals as tending toward the announced decision, are distinguished by circumstances of controlling importance, as detailed above.

## II.

It is impossible to find an estoppel upon the facts of this case.

There can be no estoppel where the party against whom it is alleged has been ignorant of any adverse claim; has acted always in perfect good faith; and has been reasonably diligent; where the party seeking to raise the estoppel has been equally ignorant of his adversary; has always proceeded as though his adversary did not exist; and has never consciously relied upon any act or omission of that adversary; and where the innocent behavior of the party sought to be estopped was not the proximate cause, nor any contributing cause, of any change of position on the part of the party seeking to establish the estoppel.

Mrs. Regis was ignorant of the defendant's use of the mark until just before this suit was brought; she acted always in *good faith*; her successor notified defendant immediately upon first learning of the infringement; she was always diligent in extending her business; the defendant was ignorant of Mrs. Regis' existence, and therefore could not have been induced by her silence into any change of condition.

Since there can be no estoppel, there is no possible reason for denying injunctive relief to the plaintiff.

## III.

The rules announced in *McLean v. Fleming*, reiterated and explained in *Menendez v. Holt*, and followed in the many cases herein cited, were applied in cases where the complainants were in much less

favorable positions than is Mrs. Regis' successor. In the majority of cases, including and following *McLean v. Fleming*, the complainants were *knowingly* negligent in asserting their rights. Even in such cases the innocence and good faith of the defendants do not avail, as the Supreme Court found in *Saxlehner v. Siegel-Cooper (supra)* and as Judge Lowell found in *Merriam v. Smith (supra)*.

The clear rule laid down in all these decisions is: In the absence of an absolute estoppel against a complainant, mere delay in bringing suit, for whatever period, will not disentitle the complainant to an injunction, although it may require a refusal of an accounting—and this regardless even of “inexcusable laches” (*McLean v. Fleming, supra*), of innocence on the part of the defendant, and of full notice to the complainant. Obviously, these rules, long since settled by the Supreme Court, preclude the denial of injunctive relief except in extraordinary circumstances, as where a complainant has *unfairly misled* the defendant or has been *knowingly* guilty of other behavior which the defendant has relied upon to his detriment. The facts here at bar present no such extraordinary circumstances.

#### IV .

The fact that the defendant in the *McLean* case had once been notified at an early date of the complainant's claim, while Rectanus was not so notified until some months before the suit was brought—establishes no material distinction between the *McLean* case and the *Rex* case at bar.

If the McLean defendant had ever received notice of an adverse claim, that notice was wholly voided and waived when the complainant accepted a requested change in defendant's mark, and then refrained from further objection for twenty years or more. Hence the McLean defendant received *affirmative* notice of the complainant's *deliberate* acquiescence, while Rectanus could rely upon nothing but his ignorance of Mrs. Regis, who was equally ignorant of him. Therefore the McLean defendant acted in as perfect good faith as did Rectanus.

But this wholly negligible difference between the positions of the two defendants is the only means by which the Court of Appeals has attempted to distinguish the present case from the *McLean* case; and since this alleged distinction absolutely fails, it follows that the rule of the *McLean* case should here control, and an injunction should be ordered though an accounting should be refused.

## V.

The doctrine proposed by the Court of Appeals could not but prove disastrous.

A principal object of equity's intervention in trade-mark matters—the protection of the public—would be utterly defeated. The great body of the public from which the future patronage for the trade-marked articles must be derived, would be subjected forever to confusion, deception, and substitution. The trade-mark owner of small capital would be placed at a tremendous disadvantage, and the value of his trade-mark would be rendered ex-

tremely doubtful; while, on the other hand, the owner having ample resources would suffer little, if any, inconvenience. In other words, individual enterprise would be discouraged. At the same time the piracy of trade-marks, as against the small but meritorious and growing business, would be greatly encouraged.

As contrasted with this, the doctrine advanced by this plaintiff, and which is in perfect accord with the decisions of the Supreme Court and other courts, would be wholly advantageous in its practical working. The concurrent use in the same market of the same trade-mark upon competitive products, and the resulting inevitable confusion and deception of the public, would be precluded; the trade-mark owner would be protected so far as he had at any given time extended his trade, and the public would be protected co-extensively.

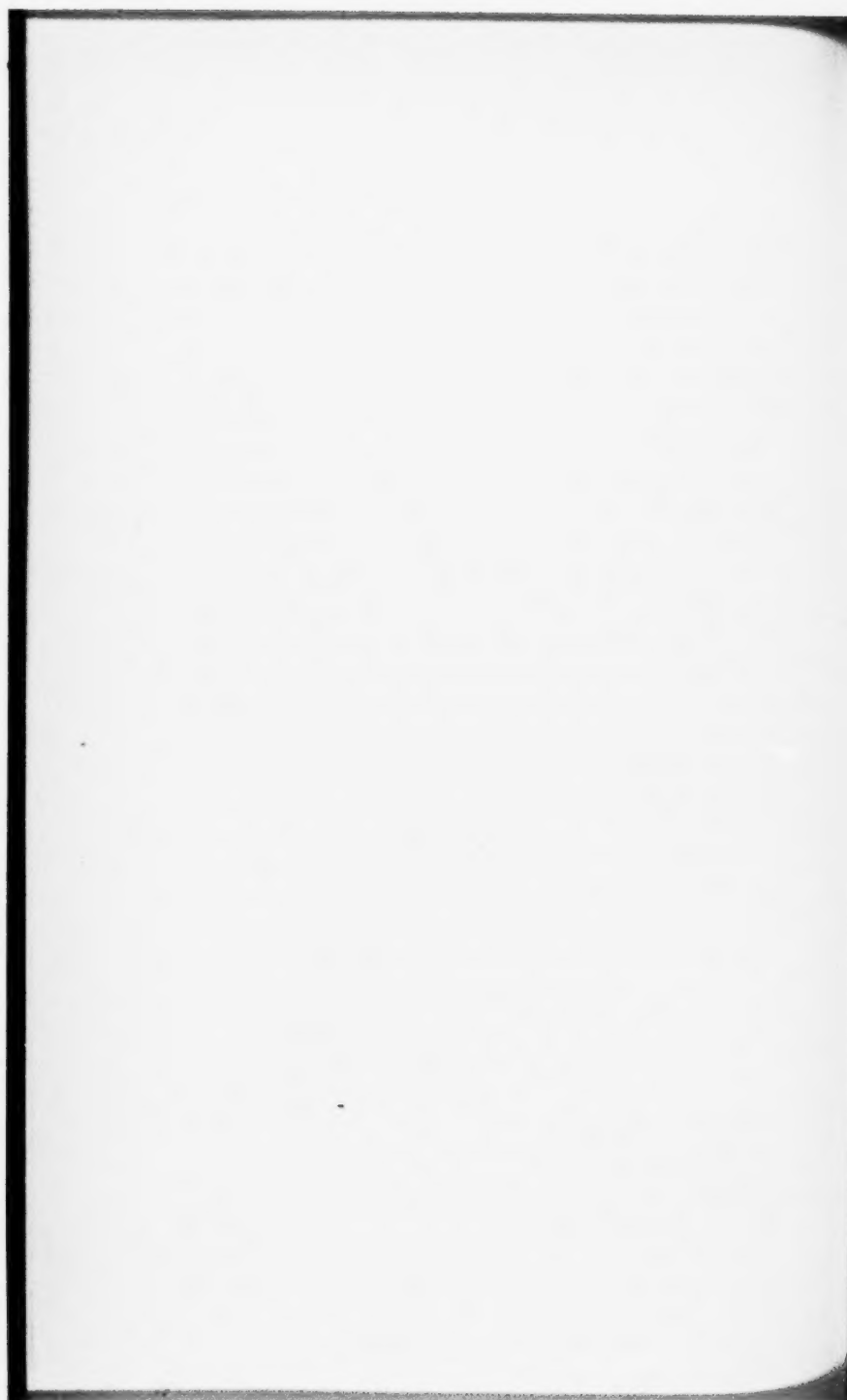
We pray this Court to perpetuate the rules announced in *McLean v. Fleming* and similar cases, by ordering an injunction against further infringement of plaintiff's trade-mark by this defendant.

Respectfully submitted,

LAURENCE A. JANNEY,  
Counsel for Petitioner,  
UNITED DRUG COMPANY.

ALEXIS C. ANGELL,  
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.....,  
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Office Supreme Court, U. S.

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IN THE  
**Supreme Court of the United States**

OCTOBER TERM, 1917.

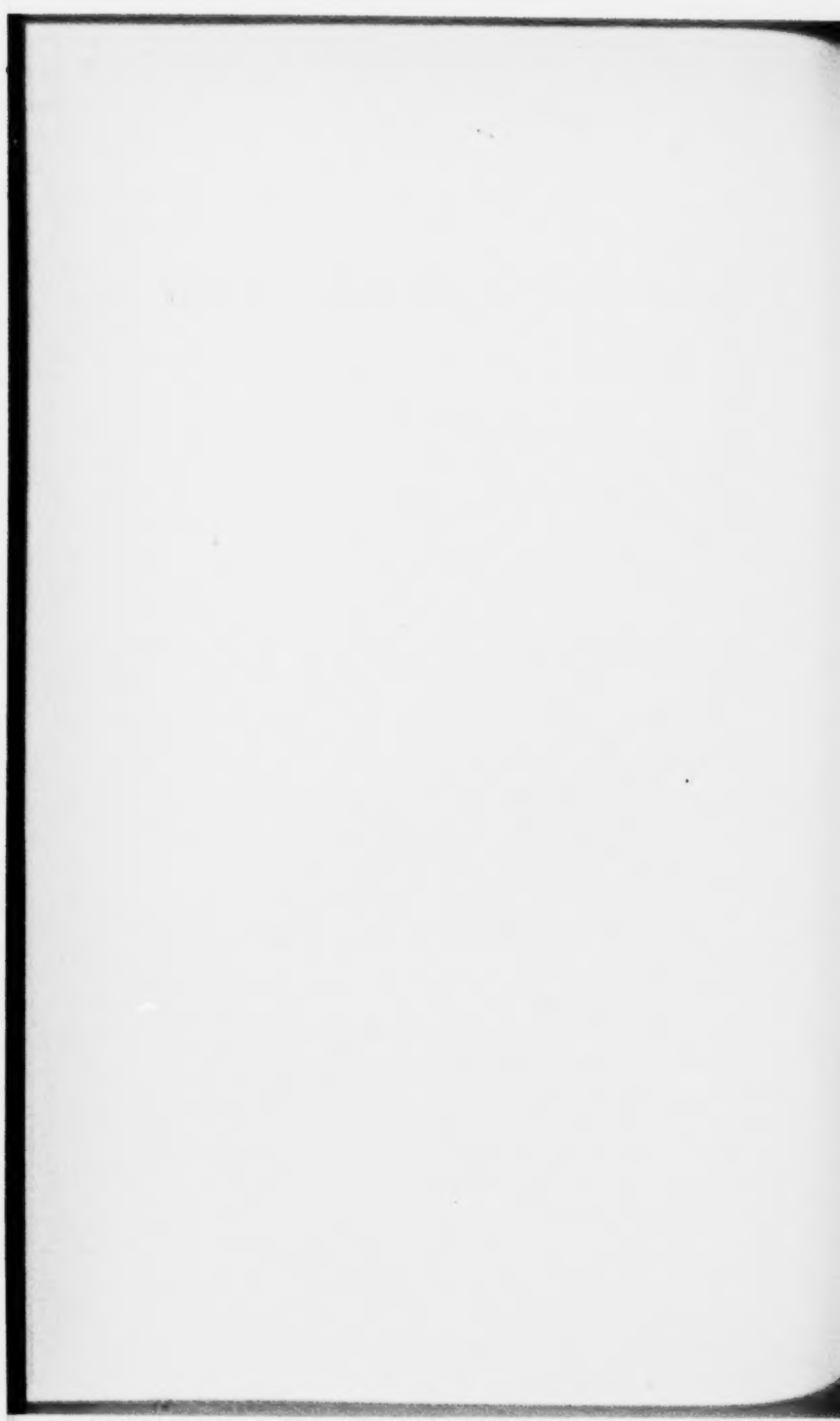
No.  27

UNITED DRUG CO., *Petitioner*,  
*v.*  
THEODORE RECTANUS CO., *Respondent*.

SUPPLEMENTAL MEMORANDUM FOR PETI-  
TIONER, UNITED DRUG CO.

LAURENCE A. JANNEY,  
*Counsel for Petitioner, United Drug Co.*

Washington, D. C., March 14, 1918.



IN THE  
**Supreme Court of the United States**

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OCTOBER TERM, 1917.

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No. 186.

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UNITED DRUG CO., *Petitioner*,  
*v.*  
THEODORE RECTANUS CO., *Respondent*.

---

SUPPLEMENTAL MEMORANDUM FOR PETI-  
TIONER, UNITED DRUG CO.

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*May it please the Court:*

The Court is particularly invited to read the deposition of Louis I. Schreiner (Transcript, page 89), and especially that part of the deposition on page 90 of the Transcript describing the activities of the United Drug Co. in exploiting the Rex remedy after purchase of Mrs. Regis' business in 1911. See also Transcript, page 96.

The Court is also invited to read the answers by Louis K. Liggett (President of the United Drug Co.) to defendant's interrogatories (Transcript, page 145 *et seq.*). Beginning on page 148 of the Transcript Mr. Liggett describes what was done by the United Drug Co. to exploit the Regis Rex remedy after the purchase of the Regis business in April, 1911. Mr. Liggett describes sales to various stores in eight different cities and towns of Kentucky in 1912 and 1913 (Int. 28, Transcript, page 149). Mr. Liggett also testifies that the sale of the Rex remedy by the United Drug Co. "has been nearly uniform in the various States of the United States practically in proportion to population" (Int. 38, Transcript, page 151); and also that the United Drug Co. had advertised the Rex remedy in not less than forty different newspapers and magazines—this in addition to considerable local advertising in daily newspapers by Rexall agencies of the United Drug Co. (Int. 41, Transcript, page 151). Further account of the advertising is given by Mr. Liggett in answer to Ints. 43 *et seq.*, on page 152 of the Transcript. For instance, Mr. Liggett says that in the company's first advertising campaign on the Rex remedy they "caused advertisements to be inserted in a large number of daily newspapers in practically every State in the Union."

The testimony referred to above was given in May and July, 1913, about two years after the Regis business had been purchased by the United Drug Co. and after the company had experienced the difficulties in the packaging of the Rex remedy as explained by Mr. Schreiner (Transcript, page 90). This testimony demonstrates the widespread and thoroughgoing attempt by the United Drug Co. to introduce the Rex remedy throughout the United States, and establishes the inaccuracy of the statements made to the Court by counsel for the Rectanus Co. to the effect that the extension of the Rex business throughout the United States, in-

cluding Louisville, Kentucky, was not in good faith. The testimony of Mr. Isaacs demonstrates that he actually ordered and had on sale and advertised in Louisville, Kentucky, the Rex remedy. The existence of *bona fide* competition in Louisville many months before the suit was brought is clearly shown.

The circumstances leading up to the bringing of the suit are explained by Mr. Isaacs and his correspondence with the United Drug Co. quoted in the Transcript, beginning page 125.

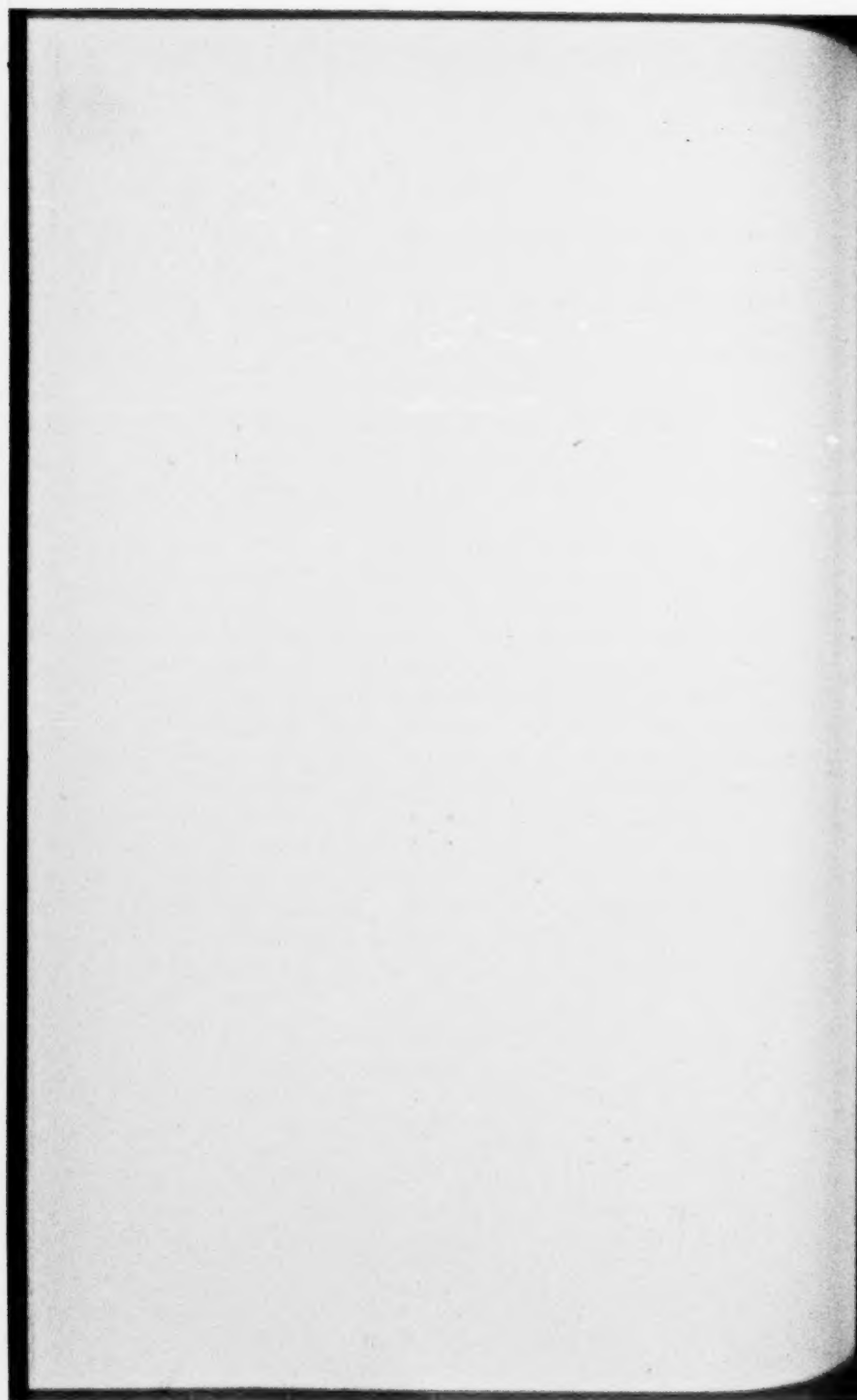
The extensive advertising campaign of the United Drug Co. which introduced the Rex remedy to all the States of the country; the newspaper advertising in Louisville, Kentucky; the offer for sale of the Rex remedy by Mr. Isaacs' drug stores in Louisville—all demonstrate the fallacy of respondent's argument that the United Drug Co. was not extending the Rex business in good faith and that the competition in Louisville was not entered into in good faith by the plaintiff.

The foregoing is now submitted because counsel for the Rectanus Co., greatly to the surprise of petitioner's counsel, fell into decided inaccuracy in explaining the facts which he considered pertinent. Because petitioner's counsel inadvertently consumed his allotment of time on his opening argument it was impossible to call attention to the foregoing matters orally.

Respectfully submitted,

LAURENCE A. JANNEY,  
*Counsel for Petitioner, United Drug Co.*

Washington, D. C., March 14, 1918.



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IN THE  
**SUPREME COURT OF THE UNITED STATES**

OCTOBER TERM, 1917.

UNITED DRUG COMPANY, Petitioner

vs.

THEODORE RECTANUS

COMPANY - - Respondent

No. 186

2

**BRIEF FOR RESPONDENT**

CLAYTON B. BLAKEY,  
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IN THE  
**SUPREME COURT OF THE UNITED STATES**  
**OCTOBER TERM 1917.**

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UNITED DRUG COMPANY,        -        -        -        *Petitioner,*  
vs.

THEODORE RECTANUS COMPANY,        -        -        *Respondent.*

---

**BRIEF FOR RESPONDENT.**

---

*May it Please the Court:*

This case comes here from the Sixth circuit on a writ of certiorari. The question involved is the right of the owner of one trade-mark, who for thirty-five years confined his business to one small town in Massachusetts, to have the courts enjoin another owner of a similar trade-mark, who for thirty years used his trade-mark in an entirely different locality and more than a thousand miles distant from the first user's territory.

Counsel for petitioner assumes a state of facts which is not shown by the record and then insist, on the strength of the facts so assumed, that the principle announced by this Court in the "Tea Rose" case (Hanover Milling Co. v. Metcalf, 240 U. S. 403), does not apply to the case at bar. Even if the facts were as assumed by counsel, the principle announced in the "Tea Rose" case would apply to the fullest extent. This phase of the case will be discussed later, though an examination of the record will convince Your Honors that it is not necessary to consider or discuss the

hair-breadth distinction which counsel seek to draw between *their assumed facts* and the facts in the "Tea Rose" case.

As we understand the principle announced by this Court in the "Tea Rose" case, it is this: where two appropriators of the same trade-mark, living in widely separated sections of the country, have used this same trade-mark for any considerable time in their respective businesses, the prior user will not be permitted to interfere with the subsequent user, where he has unduly delayed extending his business into the territory occupied by the subsequent user.

In the "Tea Rose" case, Your Honors had before you a case in which the Hanover Company had sold its "Tea Rose" flour in Alabama and several adjoining states, since about 1884. The Allen & Wheeler Co. had sold "Tea Rose" flour in Ohio and adjoining states since 1872, but had never sold it in Alabama or the adjoining states. Your Honors found that "Tea Rose" flour in Alabama meant that manufactured by the Hanover Company, and in denying an injunction to the earlier user said:

"In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant."

Again this Court said:

"Allowing to the Allen & Wheeler firm and corporation the utmost that the proofs disclose in their favor, they have confined their use of the 'Tea Rose'



trade-mark to a limited territory, leaving the south-eastern states untouched. Even if they did not know—and it does not appear that they did know—that the Hanover Company was doing so, they must be held to have taken the risk that some innocent party might, during their forty years of inactivity, hit upon the same mark and expend money and effort in building up a trade in flour under it.”

And finally, Your Honors cited the opinion of the Court of Appeals in the case at bar, as the one authority coinciding with the conclusion reached in the “Tea Rose” case.

The language used is as follows:

“The case is peculiar in its facts; and we have found none precisely like it. The recent case of *Rectanus Co. v. United Drug Co.* (C. C. A. 6th), 226 Fed. Rep. 545, 549, 553, is closely analogous.”

We do not understand counsel for petitioner to contend that the principle announced in the “Tea Rose” case is fallacious. They concede the soundness of the principle there announced and state their contention as follows:

“When the first user of a trade-mark has been **REASONABLY DILIGENT** in extending the territory of his trade, and, during such extension has ultimately engaged, **IN GOOD FAITH**, in competition with a later user of the same mark, so that the rival traders are offering competitive merchandise in a common market under the same trade-mark, then the later user of the mark should be enjoined at the suit of the first user.” (Page 20, Brief for Petitioner.)

In order to have the facts fit the foregoing contention they say that Mrs. Regis established her trade-mark and used it in trade as early as 1877 and from that time forward was **REASONABLY DILIGENT** in extending the limits of her trade.

In this connection we quote from counsel's brief as follows:

"Reverting to our proposed rule stated at the beginning of this argument: We would require of the first user 'reasonable diligence' in expanding this trade; as a means to the end that notice of the prior claim might not be unduly delayed, *by fault of the first user*, in transmission to possible innocent later users." (Page 31.)

Again counsel say:

"Mrs. Regis was persistently diligent and coupled her intention to expand her business with actual effort, which was so far successful as to extend her trade from the state of her residence throughout the New England states and eventually into New York, New Jersey, Virginia, Canada, and Nova Scotia." (Page 56.)

Again counsel say:

"As distinguished from this, we have every evidence that Mrs. Regis did intend to extend her business and that her successor had actually reached the Louisville market, in perfect good faith, and had begun a substantial business there, many months before this suit was brought." (Page 65.)

At the very outset we want to say most emphatically that nothing in the record justifies any of the foregoing statements. On the contrary we shall show from the record that Mrs. Regis did not at any time extend or make any effort to extend or express any intention of extending her business beyond the limits of Haverhill, Massachusetts. We shall also show that the petitioner instead of bringing its product to Kentucky in good faith, for the purpose of establishing a business in Kentucky, did so, admittedly, for the sole and only purpose of laying a foundation for this

suit, and without any intention of selling the Regis product in Kentucky.

First, let us call attention to the diligence used by Mrs. Regis between the years of 1877, when she is said to have adopted her mark, and 1911, when she sold out.

We know of no better way to do this than by letting Mrs. Regis speak for herself. We shall therefore reproduce in narrative form such portions of her deposition as will disclose her activities in this respect.

### DEPOSITION OF MRS. REGIS.

"Three years before 1876 I strained my stomach and was sick." (Rec. 57.) "My illness was caused by standing on the table and washing the kitchen ceiling before it was whitewashed—I suppose I strained my stomach at that time." (Rec. 59.) "I was bolstered up in bed one day and was looking through an old doctors' book and I found this remedy which said it acted on the human system as oil on a machine, and I thought I would try some. My husband went around and looked through every drug store he could find; they finally found some in the basement of an old-fashioned drug store and I mixed it with flour and took it in pills." (Rec. 57.) (The medicine was the gall of an ox.) "I had heard of this remedy before I saw it in the doctor's book, but I never tried it, and anybody would have to take it to see the benefit of it. A lady told me about the remedy, saying that she knew of folks that had got cured by it, why didn't I try it? \* \* \* I had no previous experience in drug mixing, nor had any member of my immediate family. I knew nothing about the consistency of this remedy." (Rec. 60.) "After I got well some people who knew it came to find out what cured me, and I told them, and they said they would like to get some, and some people I gave it to tried it, and quite a few asked me why I didn't sell it. \* \* \* It was first prepared in a paste. I mixed it with flour and made it into pills first and sold it in little round boxes with the word 'Rex' only on the cover, which word was sometimes written with pen and sometimes with pencil." (Rec. 57.) "Shortly after I began to make and sell the preparation. I took it myself for rheumatism

\* \* \* I would go out to sell it some evenings or afternoons, not every day." (Rec. 58.) "We put some charcoal in the envelopes and called it 'Rex Aid,' and then we put charcoal in the capsules and the Rex in other capsules, and put the dark ones in little envelopes. There was no medicinal remedy in the charcoal. \* \* \* After a while, some people called for light ones and some for dark. Some thought it was the light that helped them, and more thought it was the dark." (Rec. 60.) "I did not call the pills liver pills, because most of the people that have any stomach trouble, they say they have got dyspepsia." (Rec. 63.) "I gave away pills at first \* \* \* some I gave it to at first, and then they wanted to know why I didn't sell it. I sold it in little pills mixed up with flour. It didn't keep very well. We had to keep it in a cool place to have it stay in pill form." (Rec. 64.) \* \* \* "The earliest advertising was a card in the window of my house on Temple street about thirty years ago." (Rec. 59.) (This was 1883, as the deposition was taken in 1913.) I am not quite sure when the name was first printed \* \* \* it might be in 1898. That is my best recollection when it was first printed." (Rec. 61.) "I have sent pills to a good many persons in Massachusetts, Lawrence, Lowell, Amesbury, Newburyport, Merrimac, Boston, Charleston and most all the different places. I have got letters from a good many of the places. They would send for two dollars' worth, and some for five dollars' worth. Outside of Massachusetts, I have sent pills to New York. I didn't go there and sell them; folks wrote for them; I sold some in New Hampshire and Maine and Vermont. It was sent to Canada and Nova Scotia by different ones." (Rec. 64.) "I do not remember anyone else except this lady who sent pills to Canada. For years quite a few bought the pills to send to their people in Nova Scotia. I sold them to persons in Haverhill, who sent them to Nova Scotia. There might have been a dozen, or there might have been more, that went to Nova Scotia and Canada. All of a dozen went to Vermont. More than fifty boxes went to Maine. There was a man who had taken them in Haverhill and he moved there, and he sent for them and told his neighbors, and they sent for them. There was all of fifty boxes sent, and there might have been more. New Hampshire is right near Haverhill, and people used to come down from there. It is only a short ride by electric. \* \* \* I can't remember that I ever sent any pills directly to Virginia. \* \* \* I don't think any came from Illinois, Indiana, Kentucky,

Tennessee, West Virginia or Missouri. \* \* \* A very large percentage of sales were made in Massachusetts. \* \* \* The foregoing answers in regard to the places mentioned include the sales made up to the time of selling out to the United Drug Company." (Rec. 65.) "Just prior to the time we sold out to the United Drug Company—the year before—the sales were \$1,200.00 a year. \* \* \* We sold the United Drug Company the pills in boxes, but not the preparation in cans." (Rec. 65.)

So much for the deposition of Mrs. Regis. And now permit us to reproduce in the same way, the deposition of her daughter, Miss Annie Regis, who was interested with her mother in the business almost from the start.

#### DEPOSITION OF MISS ANNIE REGIS.

"At first the remedy was sold in a small, round, mottled pill box, with the word 'Rex' written upon the top of the box. \* \* \* I remember taking some of it to the State Normal School in Salem, Massachusetts, in 1882, and gave it to a few schoolmates." (Rec. 70.) "I knew Miss Josephine Mahoney. She was a recipient of Rex in 1882. I came across a postal card from her within a short time, which was dated February 5, 1882, and thanked me for sending her some Rex medicine." (Rec. 72.) "The earliest form of advertising was the window cards, which, I think, were first used about 1883. They were placed in a front window of our home on Temple street." (Rec. 71.) "We began having circulars printed in 1898. Before that time mother informed people of the qualities of the medicine. \* \* \* We began printing labels in 1893, Chase Brothers in Haverhill printing the first ones. The first order was for at least 500, but I am under the impression it was 1,000. Prior to that we had written the name 'Rex' on the boxes. \* \* \* We adopted a printed label at that time because of the increase of sales of the Rex medicine. We never after that returned permanently to the old method of writing the word 'Rex.'" (Rec. 72.) "The circulars you hand me we had printed advertising 'Rex' between the years 1898 and 1902." (Rec. 73.) (All advertisements filed appeared in a local church paper published in Haverhill subsequent to 1898.) "At the time we sold out we had on hand 500 boxes of medicine and tablets that would fill many

other boxes, and we had several thousand labels. We must have had about 8,000 tablets we had not put in boxes." (Rec. 73.)

### DEPOSITION OF FREDERICK J. REGIS.

"I lived at home until I went to Ottawa University in 1890. Before I went away in 1890 people used to come to the house off and on to buy pills. \* \* \* I used to see these boxes, with the words 'Rex' or 'Rex Cure' written on them, around the house all the time in various quantities." (Rec. 75.)

Before discussing the significance of the foregoing testimony, we wish to call attention to certain exhibits filed by Miss Annie Regis.

It will be remembered that Miss Annie Regis said that in 1893 the business had increased to such an extent that it was decided to have printed labels and that thereafter they never returned to the practice of writing the name on the pill boxes. She also said that "The first order (for labels) was for at least 500, but I am under the impression it was for 1,000." (Rec. 72.)

A sample of these first labels was filed as Exhibit No. 2. The second set of printed labels is represented by Exhibit No. 3. By examining the inside of the box constituting Exhibit No. 3, it will be found that this second label was printed in 1899. Therefore between 1893 and 1899, Mrs. Regis sold only 500 boxes of her pills.

Now let us briefly discuss the significance of the foregoing testimony.

In the first place the burden of proof is on the petitioner, and the evidence must be construed most strongly against it. This rule should be especially adhered to in this case, in view of the fact that there was no cross-examination of

petitioner's witnesses whose depositions were taken, except Mrs. Regis and one other; and those two were cross-examined by an attorney who was not familiar with the facts. (The reason for the failure to cross-examine witnesses will be explained in another part of this brief.) Presumably, petitioner made out by these witnesses the strongest case that it was possible to make out. And what is that case?

(1) At no time during the thirty-four years that Mrs. Regis sold her remedy, did she have a place of business. It was always sold from her residence.

(2) From 1877 to 1883, a period of six years, she did not even have a sign on her residence indicating that she sold such a remedy. It is even doubtful whether she sold her remedy prior to 1883.

(3) From 1877 to 1893, a period of sixteen years, Mrs. Regis' business was so small that she did not require printed labels for her pill boxes.

(4) Only 500 labels were printed in 1893 and these lasted until 1899, and during this period nothing but printed labels were used.

(5) The witnesses all say there was a gradual increase in sales from the beginning. If after her remedy had been on the market for twenty-two years, Mrs. Regis was selling pills at the rate of only \$20.00 a year (500 boxes in six years at 25 cents per box), what an insignificant amount she must have been selling in 1883, when the respondent adopted his trade-mark?

(6) While Mrs. Regis says that her pills were sold in certain towns in Massachusetts and in the adjoining states, it distinctly appears that most, if not all, of these sales



were to people in Haverhill, who purchased pills and sent them to their friends in other places.

(7) All of the advertising which she claims to have done was in the town of Haverhill, and most of it in a local church paper.

(8) She not only did not advertise outside of Haverhill, and did not have an agency outside of Haverhill; she did not even offer her drug for sale in the markets of Haverhill. No drug store there or elsewhere offered her medicine for sale.

(9) Neither Mrs. Regis nor any one associated with her in the business so much as intimate that they contemplated extending their business beyond the confines of Haverhill.

(10) When Mrs. Regis finally sold her business, at the end of thirty-four years, that business consisted of 500 boxes of pills, which retailed for \$125.00, and which possibly cost no more than \$20.00. The only other property she claims to have had was certain empty pill boxes, labels and tablets in cans, which Miss Annie Regis estimated to be about 8,000 in number, or enough to fill 800 pill boxes.

The Court of Appeals in finding that Mrs. Regis made no effort to extend her business, said:

"Mrs. Regis, at least prior to 1900, made no appreciable effort to extend her trade or her mark beyond Massachusetts; the instances of sales beyond that field are almost negligible; she advertised in no journal; she employed no outside solicitors; knowledge of the remedy and its name did not spread, save as one user told another." (Rec. 207.)



Again the Court of Appeals said:

"If we take the year 1900 for comparison, we see that, for more than fifteen years, Rectanus had been using the mark in his own trade, had expended several thousand dollars in making the mark well known, and had established a considerable, although local business in Louisville and the vicinity. His excursions outside of that local field are too inconsiderable to have importance. Although an active druggist, familiar with the literature of the trade, he had never heard of Mrs. Regis' remedy or of her trade-mark." (Rec. 160.)

It would seem then that the facts as found by the Court of Appeals are not in accord with the facts as stated by counsel for the petitioner.

In view of these facts, we submit that there is nothing in the record which would justify the Court in saying that Mrs. Regis was *reasonably diligent* in extending the territory of her trade or that she "coupled her intention to expand her business with actual effort."

There is nothing in the record which will justify the Court in agreeing with counsel when they say:

"We have every reason to believe that Mrs. Regis did intend extending her business."

On the contrary, we have every evidence that Mrs. Regis made no effort to extend her business outside the town limits of Haverhill.

But counsel harp on the proposition that Mrs. Regis expanded her business to the extent of her means. In the first place this is a mere surmise on the part of counsel. Nothing in the record justifies any such statement. In the second place, if that contention were true, then had no change taken place in the ownership of her business or that

of the respondent, Mrs. Regis at the expiration of one hundred years could still claim an exclusive ownership of her trade-mark, on the theory that she had extended her business as rapidly as her means justified.

The principle announced in the "Tea Rose" case is to the contrary.

There were several ways in which Mrs. Regis could have expanded her business had she had any intention of doing so. One was by placing it in drug stores for sale. Another was by having agents sell it, on commission or otherwise. Another, and the most usual, was by advertising in trade papers. But none of these she did. And as she did not use any of these methods, it must be assumed that she did not intend to expand her business beyond the limits of Haverhill. That she did not intend to expand it beyond her own square prior to 1898 seems apparent. For prior to that time, she did not advertise her remedy otherwise than by a sign in her window. And this was fifteen years after respondent had adopted the trade-mark in his business.

But counsel say trade papers do not reach the public and they criticise the Court of Appeals for making such an unwarranted statement. There is nothing in the record which justifies the criticism, but on the contrary the petitioner's President gives the names of two advertising mediums which he claims reaches practically every family in America. (Rec. 152.)

The rule is, as we shall point out more at length in another part of this brief, that the right of any particular user of a trade-mark is fixed as of the time he begins to use the trade-mark. Had the respondent wanted to know

whether he had right to adopt his trade-mark in 1883, and had he desired to take all necessary precautions before adopting it, what course would he have pursued? First, he might have examined the trade-mark records, national and state. He might then have examined the trade papers. If he wanted to go still further he might have traveled over the country from coast to coast. He might have even gone to Haverhill, Mass., on Temple Street, and passed by Mrs. Regis' house, and there is no assurance that he would have seen in her window a card with the word "Rex" written on it, or any indication of her having appropriated the mark in question. Had he found a card in the window it would have shown only "Rex for sale here." He would not have known what "Rex" was without making inquiry.

When witnesses testify concerning incidents that occurred thirty or forty years previously, it must be assumed that their memory is anything but infallible.

The Court of Appeals for the Sixth Circuit, in the case of *Gaines v. Rock Spring Distilling Co.*, 226 Fed. 531, in speaking of the weight to be given such testimony in a trade-mark case, said:

"The opinion is criticised because we hesitated to accept, at its face value, the Hellman testimony regarding the extent of their Old Crow sales, the use of their advertising signs, etc., before 1867. There is a considerable volume of this testimony, but it consists almost wholly of unaided recollections of dates forty years old; and it is that class of testimony which, by decisions familiar in patent cases, the Supreme Court has refused to accept. True, there is in a trade-mark case no initial presumption of validity to be overcome; but the principles for determining the evidential value of testimony cannot differ according to the subject-matter of the case."

But respondent was not bound to go into the highways and byways to ascertain whether he had a right to adopt a certain trade-mark. On the contrary he had a right to assume that if the trade-mark he proposed to adopt was not being used in the markets on a commodity similar to that which he proposed to sell, then, that he had the right to adopt it.

But there is still another necessary prerequisite in establishing a trade-mark right, according to counsel, and that is that the first user, after using reasonable diligence in reaching the markets, must ultimately extend his business in *good faith into the subsequent user's territory and become his competitor.*

In this connection counsel say that,

"Many months before this suit was brought the complainant's mark was vigorously exploited in that territory (Louisville) and through advertising and sales, it came to hold its own place with the Louisville public." (Brief, page 66.)

What are the facts?

In 1903 Mrs. Regis seemed to have had her attention called to the fact that the petitioner was putting on the market a pill box, containing white and black pills and calling them "Rexall Dyspepsia Tablets." She brought suit in a Massachusetts court and obtained an injunction restraining the petitioner from continuing to sell Rexall pills. (Rec. 98.)

Thereafter the petitioner purchased the trade-mark of Mrs. Regis and her business, paying therefor the large sum of \$100,000.00. The actual property which they got through

this purchase was 500 boxes of pills, which possibly had a wholesale value of \$20.00, and the right to use the word "Rex" on a pill box containing ox gall. Her sales in the year preceding the purchase had, after thirty-four years of exploitation, reached a point where the gross sales were \$1,200.00 a year. The drug itself was not a compound of different drugs which a highly skilled chemist or pharmacist had spent his life in compounding.

And now look at the other side of this picture. Prior to this purchase, petitioner had been selling "Rexall Dyspepsia Tablets" at the rate of about 300,000 a year. Unless it could obtain Mrs. Regis' remedy, it could not continue to sell "Rexall Dyspepsia Tablets."

The petitioner's Vice-President said:

"We had difficulty with E. M. Regis & Company over the trademark 'Rexall,' which difficulty resulted in an injunction against our use of the word 'Rexall,' as the result of which injunction we bought out E. M. Regis & Company." (Rec. 98.)

That petitioner desired to continue the sale of "Rexall Dyspepsia Tablets" is apparent from the pleadings as well as from the proof.

In the Bill petitioner said that:

"Each and every store appointed as aforesaid to sell the merchandise handled by your orator's organization is designated 'The Rexall Store,' and that name appears conspicuously upon signs upon the store windows, and in display advertising within the store and in daily papers and elsewhere. Also the word 'Rexall' is affixed as a distinctive name and trade-mark to many millions of packages of medicinal and other preparations handled by said retailers." (Rec. 5.)

The petitioner's Vice President said:

"The fact that we picked what we regard as the best store in each municipality, the fact that these stores are usually known as the Rexall Stores, the fact that both they and ourselves have spent thousands upon thousands of dollars in establishing this means of identity, and the fact that they are known generally as the best stores in their community, have given rise to a species of trade jealousy which seems to stimulate the other dealers in the town to seek preparations having a name similar to ours. \* \* \* To permit the use of the word 'Rex' therefore on products other than our own leaves an open gateway for both confusion and deception, the seriousness of which becomes greater and greater if others are allowed to expand a business using the same word. Such use would result in a serious loss of business to our agents, and a similar loss of business to ourselves, the total loss in each instance being incalculable and depriving us of the results of our advertising and sales effort." (Rec. 97.)

Mr. Isaacs, who runs a "Rexall Store" in Louisville, on being asked whether any one suggested to him to write a certain letter to the petitioner, calling their attention to the respondent's trade-mark, said:

"Nobody suggested that I write the first letter, except that at our National Meeting it had been stated by Mr. Liggett and several men that 'Rexall' was worth all and cost the United Drug Company a lot of money, and must be protected from every standpoint." (Rec. 127.)

So then the inevitable inference from the facts touching the purchase by the petitioner of Mrs. Regis' trifling business and paying therefor \$100,000.00, is that it was not for the purpose of expanding the business which Mrs. Regis had started, but was for the sole and only purpose of relieving the petitioner from the burden of an injunction which

prevented it from continuing the sale of its "Rexall Dyspepsia Tablets."

That the petitioner was justified in making the purchase at the price named is shown by the fact that in 1912, the first year after the purchase, the sale of "Rexall Dyspepsia Tablets" increased at the rate of 100,000, and during the second year at the rate of 200,000, making the total sales, on the basis testified to by the President of the Company, 600,000 for the year 1913. (Rec. 150.)

But we must not forget that the Vice President (Mr. Schreiner) said that the petitioner, at a heavy expense, had succeeded in expanding the business beyond his wildest dreams. At least a reading of his testimony will create that impression, although he was somewhat guarded in what he actually said.

What are the facts?

Mrs. Regis testified that "We sold the United Drug Company the remedy in boxes, but not the preparation in cans." (Rec. 65.)

Miss Annie Regis said: "At the time we sold out, we had on hand 500 boxes of medicine and tablets that would fill many other boxes, and we had several thousand labels. We must have had about 8,000 tablets we had not put up in boxes." (Rec. 73.)

There are ten tablets to a box, and 8,000 tablets would fill 800 boxes.

The President of the Company said that the Company purchased from Mrs. Regis more than 500 boxes and a large quantity of tablets, which were not packed in boxes. It is immaterial whether the tablets in the cans were sold.



If Mrs. Regis is right then the petitioner got 500 boxes of tablets. If the Vice President is right then the petitioner got 1,300 boxes of tablets.

Now let us see how the petitioner has extended the business since its purchase.

The President of the Company was asked:

"How many boxes of these pills or tablets have been manufactured since the complainant acquired the rights of E. M. Regis & Co. and at what places were they manufactured?"

Ans. "The complainant has manufactured about two thousand eight hundred and fifty-three (2,853) boxes of the Rex Tablets since acquiring the business of E. M. Regis & Co. This statement does not include the more than five hundred (500) packages which were purchased with the Regis business and which were ready prepared for the market at the time of said purchase, nor does it include the large quantity of the tablets which were purchased from E. M. Regis & Co. unpacked. \* \* \* In the year 1911 and following the 15th of April of that year, the complainant manufactured two thousand and ten (2,010) boxes of the 'Rex' remedy which were added to the large stock purchased from E. M. Regis & Co. These combined stocks sufficed for the remainder of 1911 and for the year 1912. Up to April 13, 1913, the complainant had manufactured eight hundred and forty-three (843) packages of the Rex Tablets." (Rec. 148-149.)

So then, assuming that all the boxes acquired by the petitioner from Mrs. Regis and all that were manufactured thereafter were actually sold by April 13, 1913, the petitioner is on record as saying that during the two years succeeding its purchase of this business it sold the enormous sum of 3,153 boxes. As the boxes sold for 25 cents each, the petitioner had a gross return on these sales of \$788.25. This is at the rate of \$394 per year, and Mrs. Regis was making sales at the rate of \$1,200.00 per year when the



petitioner bought her out. Not much evidence of expansion here.

But counsel say that this record discloses the fact that "many months before this suit was brought the complainant's mark was vigorously exploited in that territory (Louisville), and through advertising and sales it came to hold its own place with the Louisville public." (Brief, p. 66.)

One of the petitioner's directors testified in this case and among other things said:

"I don't think the United Drug Company ever advertised 'Rex Dyspepsia Tablets,' or sent any to Louisville, or tried to sell any at all until after they determined to bring this suit." (Rec. 119.)

This director was not permitted to answer the following question:

"Do you have any idea how many sales have been made in Louisville of 'Rex Dyspepsia Tablets?' " (Rec. 119.)

When Mr. Isaacs, who runs a "Rexall Store," was on the stand, this occurred:

38. "Did any of the officers or directors of the United Drug Company, the complainant in this case, suggest to you that you order these six bottles or boxes of pills?"

"Mr. Janney: That is entirely incompetent and immaterial."

"The Court: I think so." (Rec. 100.)

Mr. Isaacs said:

"I can't say that we ever sold any great amount (of the Regis pills), because you notice that order was made in April, 1912." (Rec. 100.)

The witness filed as "Exhibit No. 4" a copy of a Louisville paper, in which was printed an advertisement of the Rex Remedy. In this connection he said:

"I can't recall any ad of the 'Rex Dyspepsia Tablets' except the one referred to on my direct examination."

The President of the Company said that during the first two years after the purchase of the Regis remedy, the petitioner sent to Kentucky only 317 boxes of that remedy, of which 5 boxes were sent in 1911, 144 in 1912 and 168 in 1913. This suit was filed in 1912.

In connection with these shipments, the President was asked whether the shipments were made on request of druggists or were sent at the suggestion of the petitioner, and he said:

"Some of these shipments to Kentucky, as stated in answer to Int. 28, were sent on the order of the druggists and some were sent on the initiative of complainant as a part of its campaign of exploiting this 'Rex Remedy.'" (Rec. 149.)

Mr. Isaacs and the President of the Company were both asked to produce any orders given by druggists in Kentucky, but no order was ever produced.

Mr. Dralle and Dr. Curry were both prepared to testify that when they called for the Regis remedy at the Rexall Stores in Louisville the clerks showed ignorance of any such drug and only succeeded in finding it after a long search. The trial court would not permit either of these witnesses to testify on this subject, and an avowal was made as to what they would testify to if permitted. (Rec. 104.)

And neither would the Court permit testimony as to whether any sales were made of this Regis remedy. The refusal was based on the objection made by the counsel for the petitioner.

From the foregoing parts of the record we insist that the Regis remedy not only never reached the Louisville market in *good faith* but that it never reached it at all.

But counsel say that this remedy has been vigorously exploited through advertising. The advertising referred to consists of one small ad placed in the local paper on May 10, 1912, which was long after it had determined to bring this suit. (See three letters written on the subject of this proposed suit, Rec. 125, 126, 127.)

If this constitutes vigorous exploitation through advertising, then the Allen & Wheeler Co. would have been entitled to relief had they placed one advertisement in an Alabama paper after they determined to bring their suit.

It is shown by the record that such additional advertising as was done by the petitioner since it acquired the Regis trade-mark was in December, 1912, and January, 1913, after this suit was brought. (Rec. 152.) It must therefore be conceded that such advertisement as was done was so done, not for the purpose of exploiting this Regis remedy, but with the hope of exploiting the courts in their effort to obtain a favorable decision of this case.

But the foregoing is not the only evidence that petitioner acted in *bad faith* when it offered the Regis remedy for sale in Louisville.

One of respondent's assignments of error is as follows:

"The court erred in failing and refusing to hold that the complainant was not prosecuting its suit in good faith, or in order to protect any rights it had under the trade-mark acquired by it from E. M. Regis & Co., or to prevent the defendant from palming off its goods as Rex Dyspepsia Tablets, or to protect purchasers from being misled into purchasing the preparations of the defendant, thinking they were getting the goods of the complainant; or in any wise to protect its rights under the trade-mark which it acquired from E. M. Regis & Co.; *but for the sole and only purpose of preventing the defendants from continuing the sale of preparations known as Rex Blood Purifier and Rex Celery and Iron Compound, in competition to complainant's Rexall Blood Purifier and Rexall Celery and Iron Tonic.*" (Rec. 52.)

Mr. Taylor, who runs a Rexall Store in Louisville, and who is a director of the petitioner corporation, said that the petitioner was selling and offering for sale medicinal remedies known as Rexall Blood Purifier and Rexall Celery and Iron Tonic. (Rec. 118.)

When the exhibits are inspected it will be found that no one can possibly be misled into purchasing the respondent's medicine, thinking he was getting the petitioner's medicine. It is altogether probable, however, that a purchaser familiar either with Rexall Blood Purifier or Rex Blood Purifier, both put up in the same kind of carton, might purchase one, thinking he was getting the other, and the same is true of the remedy known as Rex Celery and Iron Compound. Moreover, the Rex Blood Purifier and the Rex Celery and Iron Compound each sell for \$1.00. Likewise the Rexall products sell for \$1.00. If the petitioner makes sales of its Blood Purifier and its Celery Compound to the same extent that it does of its Rexall Dyspepsia Tablets, then it is of vital importance to it that no other Blood Purifier or

Celery Compound should come in competition with its Rexall products.

As there is no danger to Rex Dyspepsia Tablets on account of Rectanus continuing to sell his Blood Purifier and his Celery Compound and as there is danger to Rexall Blood Purifier and Celery Compound if Rectanus continues to sell his product, it necessarily follows that the purpose of its suit was not to prevent interference with the sales of the Regis remedy, but the Rexall remedy.

The Rexall remedy was not put on the market until 1904, whereas the Rectanus product was sold in 1883. If one conflicts with the other, then the Rexall and not the Rectanus must go.

Reverting then to the rule which counsel insists is controlling in the case at bar, we find that the first user of this trade-mark was not "*reasonably diligent*" in extending the territory of his trade, and find, moreover, that the remedy did not ultimately or at any time come into competition with a later user of the mark either in "*good faith*" or at all.

But even had Mrs. Regis been the first user of this trade-mark and even had she been reasonably diligent in extending her territory and even had she at the end of thirty-five years come in competition with the respondent in good faith, still under the principle announced in the "Tea Rose" case, she would not be entitled to relief.

To discuss the case based on such a state of facts is to discuss a moot question. But even were that question before this court, we submit that a complete answer is contained in the opinion in the "Tea Rose" case.

By turning to pages 163 to 206 of the record, Your Honors will find the petition for a rehearing filed before the Court of Appeals. The brief filed in this case is almost a verbatim reproduction of that petition. The contentions now made were advanced by counsel both at the argument and in the petition for a rehearing, and we submit that the response of the Court of Appeals to the petition fully and completely answers the contentions there made and here reiterated.

Such being the case, and especially in view of the fact that the contention made is based on facts not shown by the record, we do not feel justified in taking up the court's time with an extended discussion of this phase of the case.

It is interesting, however, to note that the Court of Appeals in the case at bar and the Court of Appeals for the Seventh Circuit in the "Tea Rose" case (208 Fed. 514) reached independently the same conclusion, regarding the rights of trade-mark users, and announced the same principle.

The Eighth Circuit also adopted the same rule in the case of *Carroll v. Duluth Milling Co.*, 232 Fed. 675, 681.

See also:

*Carroll v. McIlwain*, 171 Fed. 129;

*Cohen v. Nagel*, 2 L. R. A. (N. S.) 968;

*Tutlow v. Tappan*, 85 Fed. 774;

*Investor v. Dobbins*, 82 Fed. 60;

*Johnson v. Ewing*, L. R. 7, appealed cases, 227.

This court in its opinion in the "Tea Rose" case said:

"When two parties independently are employing the same mark upon goods, of the same class, but in

separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant." (Page 415.)

And Your Honors found from the facts in that case that "Tea Rose" flour in Alabama "means flour of the Hanover Company's manufacture"; and that the "proper function of a trade-mark is to indemnify the origin or ownership of the article to which it is affixed." It was further held that the first user of a trade-mark cannot be permitted to "monopolize markets that his trade has never reached and where the mark signifies not his goods but those of another." And finally Your Honors said:

"Allowing to the Allen & Wheeler firm and corporation the utmost that the proofs disclose in their favor, they have confined their use of the 'Tea Rose' trade-mark to a limited territory, leaving the south-eastern states untouched. Even if they did not know—and it does not appear that they did know—that the Hanover Company was doing so, they must be held to have taken the risk that some innocent party might, during their forty years of inactivity, hit upon the same mark and expend money and effort in building up a trade in flour under it."

That the word Rex on a patent medicine meant the respondent's goods and not the petitioner's is clearly shown by the record. Numerous witnesses testified for the respondent on this subject and we shall content ourselves with referring the Court to their testimony.

Even Mr. Taylor, one of the directors of the petitioner, and Mr. Isaacs, who conducts one of the Rexall Stores, admit that Rex on a bottle of medicine in Louisville means the product of the respondent.

### **ADDITIONAL REASONS FOR DENYING THE RELIEF PRAYED.**

But there are other reasons why the petitioner was not entitled to the relief it sought. The Court of Appeals said it was unnecessary to pass on these contentions of respondent because of the conclusions reached on the phase of the case already discussed.

We shall review those contentions as briefly as possible.

#### **I**

**THE TRADE-MARK OF THE RESPONDENT IS NOT USED ON THE SAME CLASS OF GOODS AS THAT PUT OUT BY THE PETITIONER, NOR WILL ANY PROSPECTIVE PURCHASER BUY RESPONDENT'S GOODS FOR THE PETITIONERS.**

Mrs. Regis testified as follows:

"Do you think a person of ordinary intelligence, asking specifically for Rex Dyspepsia Tablets, whether they had seen them or not, would accept a bottle of liquid preparation enclosed in this carton (indicating Defendant's Exhibit Specimen Rex Carton) ?

"Ans. No." (Rec. 66.)

Without deception or fraud, without the element of palming off on the public one preparation for another, there can be no such thing as infringement. The trade-mark law has for its very foundation the protection to which one in business is entitled for his goods. The protection is not for the name under which a man does business; it is a protection to the business itself. Mrs. Regis acquired a right only to have the Courts protect her business of manufacturing and selling a dyspepsia tablet under the name of



**"Rex Dyspepsia Tablets."** Now, if someone else gets out another medicine which Mrs. Regis admits in no wise infringes on her business; in no wise affects the number of sales that she will make; in no wise has a tendency to take from her the trade which she has built up, then she certainly is not entitled to have that person enjoined from manufacturing such preparation. The mere stating of this proposition ought to be sufficient without citing authorities.

Incidentally, we may say that the respondent's preparation retails at \$1.00 per bottle, whereas petitioner's preparation retails at 25 cents per box.

In *Canal Co. v. Clark*, 13 Wallace, 323, this Court said:

"No one can claim protection for the exclusive use of a trade-mark or trade name which would practically give him a monopoly in the sale of any goods other than those produced and made by himself. If he could, the public would be injured rather than protected, for competition would be destroyed."

In the case of *McClain v. Fleming*, 96 U. S., 245, this Court said:

"A court of equity will not interfere when ordinary attention by the purchaser of the article would enable him at once to discriminate the one from the other."

In the case of *Columbia Mill Co. v. Alcorn*, 150 U. S., 467, Your Honors said:

"The proof fails to establish that the brand of the appellees was calculated to mislead, or did actually deceive or mislead, anyone into supposing that the flour of the complainant was being bought. So it cannot be said that the defendants were personating the complainant's business by using such a description or brand as to lead customers to suppose that they were trading with the appellant. Even in the case of a valid trade-mark, the similarity of brands must be such as to mislead the ordinary observer."

In the case of *Kann v. Diamond Steel Co.*, 89 Fed., 706 (8th Circuit), the following language is used, which is pertinent here:

"Every suit of this character is founded on the fact that the action, or the proposed action, of the defendant has deceived, or is calculated to deceive, ordinary purchasers buying with usual care, so that they have purchased, or will probably purchase, the goods of the defendant under the mistaken belief that they are those of the complainant, to the serious damage of the latter. The deceit, or probable deceit, of the ordinary purchaser to such an extent that he buys, or will probably buy, the property of one manufacturer or vendor, in the belief that they are those of another, is a *sine qua non* of the maintenance of such a suit, because every one has the undoubted right to sell his own goods, or goods of his own manufacture, as such, however much such sales may diminish or injure the business of his competitors."

See also:

*Liggett & Myers Tob. Co. v. Hines*, 20 Fed., 884.

*Am. Lead Pencil Co. v. Gottlieb*, 181 Fed., 180.

*Gillman v. Hunegin*, 122 Mass., 148.

*Gorham v. White*, 14 Wall, 511.

Again, the remedy was first prepared by Mrs. Regis because it had cured her of stomach trouble. It was never at any time called anything except a dyspepsia cure. (Rec. 61-63-75.)

Six reputable physicians of Louisville, several of whom were professors in the University of Louisville, the most noted medical school in the South, testified that the preparation put up by the petitioner was not a blood purifier. One physician only testified for the petitioner and counsel did not dare ask him whether the Regis remedy was a blood purifier.

Up to 1902 the boxes had on them nothing to indicate the pills were recommended as a blood purifier. (Rec. 73.)

Petitioner contends that because Mrs. Regis said in 1902 that her medicine was a blood purifier, she thereby entitled herself to have the respondent enjoined from using the word "Rex" on its blood purifier, and that, too, even though the respondent began using the word "Rex" on its blood purifier in 1883.

For the respondent it is contended that the remedy put out by Mrs. Regis is exclusively a remedy for dyspepsia, that the remedy put out by it is exclusively a blood purifier, that no one will buy a dyspepsia tablet when he wants a blood purifier, and no one will buy a blood purifier when he wants a dyspepsia tablet. It can even be conceded that Mrs. Regis' remedy does aid in purifying the blood, and it can be conceded that the respondent's remedy does aid the digestion, and still the two preparations do not come in competition. A medicinal preparation which cures consumption necessarily purifies the blood and aids the digestion, puts on flesh, cures sore throat and builds up the body generally; but if some one offered for sale a "Rex" consumption cure, and stated that it brought about all these results, his preparation certainly would not infringe on the dyspepsia tablets put out by Mrs. Regis or the blood purifier put out by respondent. No one wanting a dyspepsia tablet would buy a consumption cure.

<sup>Concurs</sup>  
~~Your Honors~~ have in clear and unmistakable terms laid down the rule by which to determine when one article is in the same class with another. We refer especially to the case of Church v. Russ, 99 <sup>Fed</sup> U. S., 280. This was a case in-

volving the question of whether soda was in the same class with baking powder. The Court said:

"Goods are in the same class whenever the use of a given trade-mark or symbol on both would enable an unscrupulous dealer readily to palm off on the unsuspecting purchaser the goods of the infringer as the goods made by the owner of the trade-mark."

*Desmond's Appeal*, 123 Penn. St. 126.

Here the word Samaritan was first used on medicinal preparations called Samaritan's Root and Herb Juices and Samaritan's Gift. Afterwards the defendant placed on his preparation the name Samaritan's Nervine, following this with a statement that it was a remedy for diseases of a similar character to those for which the original user recommended his preparations. The defendant invaded the first user's territory, and it was sought to enjoin him. The Pennsylvania Court denied relief, and in so doing used the following language:

"An examination of the two (preparations) shows they are quite dissimilar in names and appearances. It is true each has the word 'Samaritan,' but in such different forms and combinations of words as to preclude one medicine being taken for the other. We do not think the amended statement will move the difficulty of the appellant. The appropriation of the word 'Samaritan' in one combination of words does not prevent it being used in all other combinations."

In case of *Wells v. Ceylon*, 105 Federal, 621, Judge Wheeler, of one of the New York District Courts, handed down an opinion in which was involved the right of the plaintiff to have the defendant enjoined from using the words "Rough on Skeeters." The plaintiff had established a trade-mark in the words "Rough on Rats." The label on

the Rough on Rats box stated that it was an exterminator for rats, mice, roaches, ants, flies, mosquitoes, etc. The plaintiff insisted that "Rough on" was his trade-mark, and that, inasmuch as he said that it was good for exterminating or driving away mosquitoes, the defendant ought to be enjoined from using the same trade-mark on another remedy for driving away mosquitoes. Judge Wheeler denied the injunction, and in so doing said:

"The suit is brought upon the plaintiff's right to the exclusive use of the words 'Rough on' in his business \* \* \*. The foundation of liability in such cases is palming off somehow the wares of one person as those of another, or doing what is likely to accomplish this. Without such accomplishment or likelihood, the liability is not made out. *Manufacturing v. Read*, 47 Federal, 712. Here the plaintiff was not putting up anything when the defendant began that 'Rough on Skeeters' could be mistaken for \* \* \* \* \* nobody would think it (defendant's preparation) was 'Rough on Rats,' which was the only thing he had alluding to mosquitoes before. 'Rough on Skeeters' \* \* \* \* \* would not go as 'Rough on Rats,' for it was not, and was not in any way made to appear to be like that preparation."

In the case of *Corbin v. Gould*, 133 U. S., 311, this Court considered the question of whether a tea labeled "Tycoon" was infringed by another tea labeled "Tycoon Chop." While the case was decided on another point, yet the Court took occasion to use the following language, which is pertinent in this connection:

"These labels are so entirely dissimilar that it is difficult to perceive how they could be mistaken the one for the other. A mere glance is sufficient to distinguish them. There are certainly no more points of similarity between them than are to be found ordinarily between tea labels or facings; and were it not for the fact that the word 'Tycoon' is found on both of them there would be no semblance of a case of infringement."

*McMahon's Pharmacal Co. v. Denver Chemical Co., 113 Fed., 468 (8th Circuit).*

Here the word "antiphlogistine" was involved. It seems that a druggist in New York at an early date began the manufacture and sale of a liquid preparation to be used by dentists which he called "antiphlogistine." Some years afterwards the Denver Chemical Co. began the manufacture of a plastic poultice put up in a can to be used as an external application for rheumatism, sore throat, sore chests, and various other ills. The New York druggist brought his suit to enjoin the Denver Chemical Co. from continuing the manufacture and sale of the "antiphlogistine" poultice. The Court in denying the injunction said:

"No claim is made that defendant's goods are so put upon the market as to induce purchasers to buy them as and for the goods of the complainant. In fact, the packages containing them are so dissimilar in character, size, dressing, and display from the complainant's packages that it is impossible that any person could be deceived with respect to them, or that defendant could palm off its goods as and for those of the complainant."

In the case of *Webster v. Webster*, 3 Swanst., 490, Lord Thorlow used the following language, which is pertinent in this connection.

"It is, indeed, true, that unless the mark used by the defendant be applied by him to the same kind of goods as the goods of the plaintiff, and be in itself such that it may be and is mistaken in the market for the trade-mark of the plaintiff, the Court cannot interfere, because there is no invasion of the plaintiff's right."

See also:

Richter v. Anchor, 52 Fed., 458.  
 Konn v. Diamond Steel Co., 89 Fed., 706.  
 Shaw v. Pilling, 175 Pa. St., 87.  
 Smith v. Reynolds, 13 Blatch., 458.  
 Osgood v. Blackwood, 11 Blatch., 310.  
 England v. New York Publishing Co., 8 Daly, 380.  
 Virginia Baking Co. v. Southern Biscuit Co., 68 S.  
 E. Rep. 261 (Va.)

As a blood purifier is not a dyspepsia tablet—as the two preparations are not of the same class—the injunction should not have been granted.

## II.

A TRADE-MARK IS ENTITLED TO PROTECTION ONLY WHEN IT HAS BEEN PLACED ON MERCHANDISE USED AND SOLD IN THE MARKETS.

After Mrs. Regis recovered from her stomach trouble she began making her medicine into pills. At first she gave them to her neighbors and friends and subsequently peddled them around. It cannot be said with any definiteness when she began making sales. The Court of Appeals said that up to 1900 "knowledge of the (Regis) remedy and its name did not spread, save as one user told another."

It is even doubtful when the window card was first put up.

For years, the name on the box was written with a pencil.

The medicine was not prepared in tablet form until 1902. Miss Annie Regis said the business was of small volume until the medicine was put up in tablet form. (Rec. 71.)

The rule requires the owner of a trade-mark to use his mark in trade and in the markets. He must establish a reputation for his business before he is entitled to protection. This being true, Mrs. Regis did not come within the rule prior to 1883.

In support of our contention in this respect we first call the Court's attention to the case of *Kohler v. Beshore*, 53 Fed., 262. The facts showed that the plaintiff in November, 1889, decided to put out a medicine called "One Night Cough Cure." They did not use printed labels, but wrote the name on paper which was pasted on the bottles containing the syrup. Several dozen bottles with this written label appear to have been sold from time to time during November and December, 1889, and perhaps later. In January, 1891, the defendant began putting out a medicine which he called "One Night Cough Cure." In 1892 the plaintiff brought this suit to prevent the defendant from continuing the manufacture of such a remedy under such a name. The District Court denied the injunction because the plaintiff had not used its trade-mark for a length of time sufficient to make it become "familiar to the public as a sign of this article of its manufacture." The District Judge laid stress on the fact that "no dealers in such medicines, properly considered, were examined, nor any other reliable, disinterested person of any importance not connected with the plaintiff." Finally, the District Court said:

"But furthermore there is no sufficient evidence that the plaintiff had acquired a trade-mark in either of the collocations of words stated. The occasional use of the written label prior to the fall of 1891 was unimportant. It was insufficient to make any public impression. And the period between the fall of 1891 and



February following, when suit was commenced, was too short, in the most favorable view of the evidence, to have established or fixed the label (whatever it was) in the public mind as a known sign or indicia of the plaintiff's manufacture of cough medicine."

When the case reached the Circuit Court of Appeals, Justice Shiras delivered the opinion, and there said (59 Fed., 572):

"We agree with the Court below in thinking that the complainant's evidence in these particulars was very unsatisfactory. A sale of a few dozen bottles, with written labels pasted on the box, in the circumstances discussed by the evidence, could not suffice to establish such an intentional use and appropriation of the words as a trade-mark as to warrant the interference of a Court of Equity."

In the case of McMahan Pharmacal Co. v. Denver Chemical Co., 113 Fed., 473, Judge Adams, for the 8th Circuit, held that sales of a medicinal preparation called "antiphlogistine" to a small extent, and the fact that "pharmacists did not recognize the word 'antiphlogistine' as complainant's brand," and, again, the fact that there was nothing "in the record showing that complainant's preparation was kept in drug stores generally for sale," but that same was "manufactured in very small quantities, kept for sale exclusively by complainant, advertised little, if any, sold infrequently, and in small quantities, and most generally to dentists located in near proximity to complainant's drug store, unknown to the trade generally by any name," were reasons sufficient to justify the Court in holding:

"That complainant's mixture had obtained no such acceptance or reputation in the trade under the name 'antiphlogistine' as to confer upon complainant a right of property in that word alone. The test laid down

by the Supreme Court, in cases *supra*, is not made. The use was not sufficient to ripen into a right of property. The mark 'antiphlogistine' on any package would not have been recognized by the trade as evidence of its origin, or as an indication of complainant's ownership. It follows that defendant's large and prosperous business, innocently and at great expense organized and developed by the use of this same word under the circumstances shown by the proof, cannot be destroyed on complainant's claim of a superior right thereto."

In the case of *Giragosian v. Chutjian*, 194 Mass., 505, the Court, deciding the question as to whether the use of a certain name had been sufficient to bestow a legal right on the plaintiff, said that the trade-mark in question,

"Had not become identified with the plaintiff, either among dealers or with the general public, and the defendant adopted his name in good faith, without any intention of wronging the plaintiff or of acquiring the plaintiff's business, or of palming off his own business as that of the plaintiff."

And the Court therefore held that the defendant had not infringed on any right of the plaintiff.

See also:

*Hublin v. Adams*, 125 Fed. 784;  
*Richter v. Reynolds*, 59 Fed. 577;  
*Candee v. Deere*, 54 Ill. 457.

We have already called attention to the weight to which the evidence is entitled. The witnesses were not cross-examined for several reasons. One, because we relied on the general principle of trade-mark law that there could be no infringement without the element of palming off a spurious commodity for the genuine. An inspection of the containers and the names clearly show that such is impossible. Two, if the principle underlying

the establishment of trade-mark law (viz., protecting a trader's business built up under a certain mark) was to prevail, then the respondent and not the petitioner was entitled to protection. Three, the word "Rex" on a drug marketed by the "Rexall" people did not denote the origin of the drug, and we relied on the common sense theory of trade-mark law that there could be no valid trade-mark where the complainant's mark did not denote the origin.

In view of these principles of trade-mark law, we saw no occasion for traveling around over several states to cross-examine witnesses on an immaterial issue.

Had an effort been made to ascertain the real facts touching the early beginnings of Mrs. Regis' business we believe it could have been shown that she had no business entitled to be called such prior to 1898. The fact that it was decided by the Massachusetts courts that she established her business in 1877 proves nothing. That was decided in a case between her and the United Drug Company and the question of priority could not have been in issue. The Drug Company did not claim to have begun using "Rexall" as a trade-mark until 1903, and the remedy of Mrs. Regis was on the market as early as 1900. In 1900 she filed her trade-mark papers in the Patent Office. So then, by the very nature of these cases, the question of whether she established her business in 1877 or 1897 was wholly immaterial.

But based on the facts as they appear in the record we think the foregoing authorities state the rule as accepted by all the courts, and we submit that had the District Court

followed the rule here laid down, it would have refused the injunction.

Moreover, if Mrs. Regis established any reputation for her medicine during these years, it was that of having it considered a joke and a by-word. We especially call attention to the language used by some of the witnesses in this connection:

One witness said:

"I heard of it so much it got to be a joke, 'Rex' being used by her so much it got to be a regular joke amongst us." (Rec., p. 81.)

Another witness said:

"Finally the girls and all went at it, and it was all 'Rex;' they used it for a byword. Whoever came in said, 'I am tired,' we would say 'Take "Rex,"' same as anything, a joke—joke about it, but really it was good." (Rec., p. 89.)

Still another witness said:

"I can remember of the folks, the family, saying jokingly, if anything ailed any of us or any of them, 'Why don't you take "Rex" '?" (Rec., p. 82.)

Courts ought not to allow their processes to be used to protect a business which has only the reputation of being a joke and a byword among those who know it.

Moreover, the rights of the parties in a case of this nature must necessarily be determined as of a time when they began to use their respective trade-marks.

At the time the respondent began using his trade-mark, Mrs. Regis was neither in the market with her trade-mark nor had she made use of it a sufficient length of time to entitle her to maintain an infringement suit.

If she would not have been entitled to an injunction in 1883, it necessarily follows that her assignee was not entitled to it in 1912.

See *George v. Smith*, 52 Fed. 830.

### III.

#### THE TRADE-MARK CREATED BY MRS. REGIS HAS BEEN ABANDONED.

A trade-mark may be abandoned in two ways, either actually or constructively. We contend that since the petitioner has purchased the business of Mrs. Regis it has entirely abandoned the manufacture and sale of Rex Dyspepsia Tablets.

#### ACTUAL ABANDONMENT.

The evidence shows that Mrs. Regis sold her business and trade-mark rights on April 15, 1911. During 1911 and 1912 the petitioner manufactured 2,010 boxes only of "Rex" Dyspepsia Tablets, while during 1911 and 1912 it manufactured and sold 713,044 boxes of "Rexall" Dyspepsia Tablets. On the 1st of January, 1913, all of the "Rex" Dyspepsia Tablets had been exhausted. (Rec., 149.) During the first four months of the year 1913, petitioner manufactured 843 boxes only of the "Rex" Tablets. During the same period it manufactured 161,302 boxes of "Rexall" Tablets.

From a business of \$1,200.00 per year under the management of Mrs. Regis, it fell to less than \$400.00 per year under the "exploitation" of petitioner. And during the same period the "Rexall" sales of Dyspepsia Tablets increased from 280,000 per year to 600,000 per year. The petitioner

makes sales of Rexall goods aggregating \$10,000,000.00, as opposed to less than \$400.00 gross sales of Rex goods.

The petitioner purchased Mrs. Regis' business because she had obtained an injunction preventing it from selling Rexall Dyspepsia Tablets. (Rec., 98.) As "Rexall" was the chief stock in trade of the petitioner it was forced to purchase the Regis business to protect its own trade-mark. It is inconceivable that the petitioner while selling more than 300,000 packages of Rexall Dyspepsia Tablets a year, would, as a business proposition and with the idea of continuing its manufacture and sale, purchase Mrs. Regis' business and pay \$100,000 therefor.

This we insist constitutes actual abandonment both in fact and as a matter of law.

#### CONSTRUCTIVE ABANDONMENT.

Mr. Hopkins, in his work on TRADE-MARKS (1905 Ed.), page 180, says:

"There may be an involuntary abandonment of a trade-mark through the fact that, once distinctive, it has ceased to indicate the merchandise of the owner of the mark," and has become *publici juris*.

It is the contention of the respondent that a constructive abandonment of the Regis trade-mark has taken place by reason of the fact that the trade-mark "Rex" has lost its significance in the hands of the present owner. It does not call attention to the business of its owner. The very *raison d'être* of a trade-mark requires that it shall be the one mark of the trader who owns it. This must be so in order for it to point prospective customers to the business of the trader. It is his sign, and the courts will protect him on the

theory that he is entitled to the reputation which he has built up under that sign. This being the principle underlying the trade-mark law, it would be an anomaly if courts could be called upon not only to protect a trade-mark under which a trader has built up his reputation, but also other marks by which the trader is not known, but which were acquired by him in order to suppress competition. If such protection were granted, trade-mark law, instead of being in the interest of trade, would be detrimental to trade.

Mr. Hesseltine, in his work on the law of trade-marks (1906 Ed.), page 114, says:

"A proprietor should not have more than one trade-mark in the same line of goods in the same market, so as to confuse the public by an indiscriminate use of signs."

*Columbia Milling Co. v. Alcorn*, 150 U. S. 467.

In this case protection was denied the plaintiff on a number of grounds, one of them being the following:

"If the device, mark or symbol was adopted or placed upon the article \* \* \* for any purpose other than a reference to or indication of its ownership, it cannot be sustained as a valid trade-mark."

The case of *Albany Perforated Wrapping Paper Company v. Hoberg Company* (102 Fed. 167) was a case in which a manufacturer of toilet paper put on the market under several different trade-marks, sought to prevent another manufacturer from using similar trade-marks. Judge Jenkins, of the Eastern District of Wisconsin, in denying relief, said:

"The principal question which is suggested by the bill and the evidence, is whether the manufacturer of

a single article has the right to use, and to be protected in the use of, more than one trade-mark for that article. I find little authority upon the subject, and I have given to the question much consideration. Upon principle, I think that he cannot. A trade-mark must denote origin. A trade-mark is defined by Mr. Upton to be the name, symbol, figure, letter, form or device adopted and used by a manufacturer or merchant in order to designate the goods he manufactures or sells, and distinguish them from those manufactured or sold by another, to the end that they may be known in the market as his and thus enable him to secure such profits as result from a reputation for superior skill, industry or enterprise. Upton, Trade-marks, p. 9, c. 1. How can that purpose be accomplished if a manufacturer dealing in a single article use a thousand different trade-marks to designate the article and its origin? Such use necessarily produces confusion and fails of the single purpose of the trade-mark—to designate with certainty the origin of the product. Certainly no manufacturer would, in regard to self-interest, indulge in such a practice; for he would thereby defeat the very purpose he sought to accomplish. This consideration has led me to the conviction that the complainant, the originator of perforated rolled toilet paper, would not do that which would blind the public mind to the originator and manufacturer of the article and would tend to dissipate its trade."

In conclusion, the Court said:

"A court of equity cannot be impressed by an appeal to protect that which produces infinite confusion. It may be that in the struggle for trade the whims of retailers must be consulted, and that rivalry between dealers to present something attractive to the public eye must exist; but courts of equity do not sit to indulge the whims of purchasers or to protect one in creating confusion. They sit to protect and to enforce legal and equitable rights."

As the petitioner's President refused to state what were the ingredients of the "Rexall Dyspepsia Tablets" and failed to state whether the "Rex Dyspepsia Tablets" contained the same or different ingredients, we submit that the Court will be justified in assuming that they contain the same ingredients. (Rec. 151.)



In the case of *Candee, Swan & Co. v. Deere & Co.* (54 Ill. 457), the Supreme Court of Illinois in discussing the question of whether a manufacturer was entitled to protection on more than one trade-mark, said:

"A trade-mark is similar in some respects to the marks or brands owners of live stock which run at large put upon each one of them: The object of the one is to distinguish the property bearing it from that of another. In respect to cattle and swine it is well known that there is great similarity between those of different owners, in color, make, flesh marks and general appearance. The mark, or brand, usually decides the question of ownership, should a dispute arise thereon. A trade-mark denotes the origin of an article. No one man can have more than one mark, or brand, and it is required to be recorded. If the owner could have more than one mark by which to distinguish his property, great confusion and uncertainty would be produced, to such an extent as to defeat the object in view. We have found no case where a proprietor has claimed more than one trade-mark, and all concur in saying that the mark must be so clear and well defined as to give notice to others, and must not be deviated from at the suggestion of whim or caprice."

In the case of *Foster, Milburn & Co. v. Blood Balm Co.* (77 Ga. 223), the Supreme Court of Georgia declined to decide the direct question "as to whether one person or firm can appropriate two or more trade-marks for the same goods in the same commerce," and in so refusing to decide the question, said:

"The books, so far as we are acquainted with them, furnish no instance of such double marks; and if there can be two, we see no reason why there may not be twenty."

The word "Rexall" is the trade-mark of the petitioner; the word "Rexall" denotes the origin of petitioner's goods; the word "Rex" does not denote the origin of its goods.

But if it be conceded that the Regis trade-mark has not been abandoned *in toto*, it certainly has been abandoned as to the right Mrs. Regis acquired, if any, to use it on a blood purifier.

Mrs. Regis filed two requests for protection under trade-mark laws—one under the Act of Congress and the other under the laws of Massachusetts. The Massachusetts certificate was filed in 1898. (See Exhibit No. 23.) The Regis preparation was there referred to as a dyspepsia cure only and her trade-mark was said to be "Rex Dyspepsia Cure." Mrs. Regis filed her statement in the Patent Office in 1900 and embodied in that statement the following clause:

"The class of merchandise to which this trade-mark has been applied is a medicine, and the particular description of goods comprised in said class is medicine especially adapted and intended for the treatment and cure of dyspepsia, for indigestion and general disorders of the digestive organs."

We insist that if Mrs. Regis ever became entitled to use the word "Rex" as a trade-mark on a blood purifier, she forfeited that right by failing to specify such fact in the statement made by her to the Patent Office.

The courts hold that a party is concluded by the language used in the statement or specification filed in the Patent Office, and cannot be heard to say that his trade-mark is something different from that there specified.

Mr. Hopkins, in his work on trade-marks (1905 Ed.), at page 183, says:

"There may be a constructive abandonment of specific features of a trade-mark, arising from the failure to enumerate such features in securing registration. If the registration shows a claim to a trade-

mark more limited in its description than the owner's common-law right would otherwise be, the owner is bound by such limitation as showing what he really claims." Citing *Hennessy v. Braunschweiler & Co.*, 89 Fed. 664.

In the case of *Richter v. Anchor Remedy Company* (52 Fed. 458), the Circuit Court for the Eastern District of North Carolina in discussing the question here under consideration, said that the act of registering the trade-mark in the Patent Office "was the very deliberate act of the plaintiff and he must abide the consequences."

Further said the Court:

"It would be a perversion of the right to registration under the Act of Congress, of which the plaintiff availed himself, and would amount to a fraud on other traders, to permit the plaintiff now to assert broader rights in the anchor as a trade symbol than his public registry in 1885 disclosed."

The same trade-mark was later drawn in controversy, and in 59 Fed., page 577 (*Richter v. Reynolds*), and the Court of Appeals for the Third Circuit upheld the position taken by the North Carolina Court.

#### IV.

THE REGIS PREPARATION TO THE EXTENT THAT IT IS RECOMMENDED AS A BLOOD PURIFIER IS A FRAUD ON THE PUBLIC.

It was our contention in the Court below that the Regis remedy was harmful and, therefore, a fraud on the public. But the Court of Appeals held that "There seems to be no substantial reason to think that it will be injurious unless it is taken in too great quantities."

The point we make is that Mrs. Regis is entitled to no relief unless the trade-mark "Rex" was first placed on a medicine which was beneficial as a blood purifier. If in fact the Regis remedy is not beneficial as a blood purifier, then by recommending it and offering it for sale as such she was seeking to perpetrate a fraud on the public, and is entitled to no protection. The question, therefore, arises as to the medicinal effect of her medicine.

Six reputable doctors said that the Regis remedy was not a blood purifier in any sense of the word.

Here is what some of the doctors said in this connection:

Dr. Solomon, who taught materia medica and therapeutics for ten years in the University of Louisville, said:

"I wish to be understood to state positively that it (ox gall) is never known as a blood purifier, either directly or indirectly." (Rec., p. 140.)

Dr. Dilly teaches materia medica and pharmacology in the College of Pharmacy. He said:

"I would say that its (ox gall) action upon the blood is worthless, as a blood purifier." (Rec., p. 144.)

Dr. Echols:

"Ox gall does not pass into the blood \* \* \* I never heard ox gall referred to or recommended by any physician or any authority in the medical world as a blood purifier." (Rec., p. 137.)

Dr. Fallis:

"Ox gall is not a blood purifier." (Rec., p. 145.)

In the case of *Fowle v. Spear* (9 Fed. Cases, No. 4996) a trade-mark was sought to be protected for a medicinal preparation which was said to be "a valuable family medi-

cine for consumption of the lungs, coughs, colds, asthma, bronchitis, croup, whooping cough, difficulty of breathing, pains in the side or breast, liver complaints, etc." In declining to grant an injunction, Judge Kane, of the Pennsylvania District Court, said:

"\* \* \* looking at the incongruous group of diseases, for which the balsam prescribes itself to public credulity, I must apply the principle of the vice-chancellor's decision in *Pidding v. How*, 8 Sim., 477, that the complainant, whose business is imposition, cannot invoke the aid of equity in a piracy of his trade-mark."

In a later case, *Heath v. Wright* (Fed. Cases, No. 6310), the same Judge, in speaking of the case last referred to, said:

"I then refused an injunction against the vendor of a patent medicine at the suit of his brother quack, who complained that his label and envelope of certificates had been imitated."

In the case of *Wolfe v. Burke* (56 N. Y. 123) the New York Court of Appeals had before it the question of whether it would protect a trade-mark placed on a bottle of gin with a label on the bottle to the effect that it was an excellent medicine for the treatment of a number of diseases. The Court of Appeals held that the recommendations on the label were deceptive and amounted to nothing more nor less than a fraud, and in refusing to grant relief, that Court said:

"It may be a very good article of gin, and gin, like every other alcoholic beverage, may, and probably does, possess some medicinal properties which, in some cases, properly prescribed and taken, may be beneficial to the human system; but to palm off this, or any other liquor in common use, exclusively as a medicine and a specific for certain diseases, under names not generally under-

stood by the community, is a species of fraud which a court of equity should not be called upon to protect."

In the case of *Houchens v. Houchens* (95 Md., 41) the Maryland Court of Appeals refused to affirm the judgment of the lower court, which established in the appellee a trademark right applied to a quack medicine, which was described as being a remedy for "coughs, colds, bronchitis, hoarseness, diphtheria, scarlet fever, measles, typhoid fever, and a great blood purifier." The Court said that the label containing the foregoing representations was manifestly a falsehood, and designed to deceive the public.

Said the Court:

"A court of equity will not interpose to protect a claim to trade-mark or label while either contains a misrepresentation. The English and Federal Courts have adopted a like rule in controversies between the owners of quack medicines."

## V.

THE NAME REX USED ON APPELLANT'S PREPARATION WAS THE NICKNAME OF THEODORE RECTANUS, WHO PUT THE REMEDY ON THE MARKET.

As the proof shows that the word "Rex" used on respondent's remedy was the name by which the owner was known in the trade, it seems to us self-evident that he should be permitted to use that name on a drug put out by him unless he uses it in such a way as to make it appear that his medicine is in reality that put out by a prior user. This rule was laid down by this Court in the case of *Brown Chemical Co. v. Myer*, 139 U. S., 544, in so far as it applies to the man's surname, and we see no reason why it should not equally apply to a man's nickname.

See:

Taylor v. Taylor, 124 Ky., 173.

Petition of John Snook, 2 Hilton (N. Y.), 566.

Paul on Trade-marks (1903 Ed.), Sec. 4.

## VI.

### "REX CELERY AND IRON COMPOUND" IS NOT INVOLVED IN THIS LITIGATION.

The bill was evidently drawn with the one idea of procuring an injunction against the respondent preventing it from manufacturing and selling "Rex Blood Purifier." When the case came on for trial, the petitioner offered evidence that respondent also manufactured and sold a "Rex Celery and Iron Compound." It was insisted that this last named preparation was an infringement of "Rex Dyspepsia Tablets," and that respondent should be prevented from manufacturing and selling that preparation. The Court sustained this view and enjoined the respondent from so manufacturing and selling its Celery and Iron Compound. All of this was objected to at the time, and even a motion was made for a continuance on the ground of surprise. The Court, however, overruled all objections and, as above stated, on final hearing granted the injunction against both the Blood Purifier and the Celery and Iron Compound.

When Your Honors come to examine the Bill of Complaint, we think you will agree with us that it was drawn with the one idea of procuring an injunction against the manufacture and sale of "Rex Blood Purifier."

Running through the pages of the record on which the Bill appears, the following charges will be found:

The Regis remedy was "among other things an excellent blood purifier." It was accepted by the public as "an excellent blood purifier." It possessed "the properties of a blood purifier."

The complainant became the exclusive owner "of the word 'Rex' as a trade-mark for a blood purifier." The Regis remedy has always possessed the properties "of an effectual blood purifier" and was always represented as "a blood purifier."

Complainant has the exclusive use of the word "Rex" "as a trade-mark for a blood purifier."

At the suit of Mrs. Regis a decree was granted adjudging that Mrs. Regis had a valid trade-mark in the word "Rex" as a medicine "for purifying and building up the blood."

No person other than the complainant has any right to use the word "Rex" "as a trade-mark or name for a blood purifier."

The defendant manufactures and sells "an alleged medicinal preparation, not made or sold or authorized by your orator, which said preparation said defendants invariably represent to be and sell as a remedy for ailments of the blood and a blood purifier."

The defendant acquired the business of Theodore Rectanus long after Mrs. Regis and the plaintiff had popularized the trade-mark "Rex" on a remedy known as a blood purifier.

Complainant was greatly injured by the defendant's putting out "said spurious alleged blood purifier." Defendant has sold its "alleged blood purifier and builder in packages



some or all of which bear the legend 'The Rex Medicine Company.' "

In drawing the prayer for relief, the complainant asked that defendant be enjoined "also from making any use whatever of the word 'Rex' or the words 'The Rex Store' or any similar words calculated to be mistaken therefor or confused therewith;" and also from publishing or displaying the word "Rex" on placards or labels used in connection with the sale of a medicinal preparation for the treatment of the blood "or any other medicinal, chemical or pharmaceutical preparation or article whatsoever."

By an amended petition the language quoted from the prayer was withdrawn. The prayer of the petition, after the amended petition was filed, sought in effect an injunction to prevent the defendants from using the word "Rex" on "a preparation for the treatment or cure of dyspepsia or any or all diseases, ailments or disorders of the digestive organs or the blood, or for purifying and building up the blood." This language, taken in connection with the charges in the body of the Bill and taken in connection with the amendment to the Bill, led the respondent to think that the only complaint made against it by the petitioner was the making and selling its "Rex Blood Purifier." This conclusion was strengthened by the fact that no demand was ever made on it to cease the manufacture and sale of any medicine other than the "Rex Blood Purifier." (Rec. 103.)

The fact that the petitioner also sought to prevent the respondent from using its "Rex Celery and Iron Compound" was developed for the first time when the witnesses were being examined orally before the Court at the final hearing.

Even when the Manager for petitioner gave his deposition he specifically referred time and again to the "Rex Blood Purifier," but at no time mentioned "Rex Celery and Iron Compound." For the foregoing reasons we think the trial Court should have held that by its Bill the petitioner was confined to the one specific remedy, namely "Rex Blood Purifier," and should not have been permitted to introduce proof concerning the manufacture and sale by the appellant of a "Rex Celery and Iron Compound."

Again, the considerations advanced in this Brief in connection with the "Rex Blood Purifier" are equally applicable to the "Rex Celery and Iron Compound."

In view of the foregoing considerations we respectfully submit that the District Court was in error in granting the injunction, and that the Court of Appeals was right in reversing that judgment, not only for the reason given by that Court, but for the additional reasons discussed herein.

Respectfully submitted,

CLAYTON B. BLAKEY,

*For Appellant.*

BLAKEY, QUIN & LEWIS,

*Of Counsel.*

January 18, 1918.



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# **CARD 6**

UNITED DRUG COMPANY *v.* THEODORE  
RECTANUS COMPANY.

CERTIORARI TO THE CIRCUIT COURT OF APPEALS FOR THE  
SIXTH CIRCUIT.

No. 27. Argued March 12, 13, 1918.—Decided December 9, 1918.

A right of trade-mark is not a right in gross; it exists only as appurtenant to an established business and for the protection of the good will thereof. P. 97.

The adoption of a trade-mark does not project the right of protection in advance of the extension of the trade. P. 98.

Where A had a trade-mark in Massachusetts, in connection with a business there and in neighboring States, and B, afterwards, in good faith, without notice of A's use or intent to injure or forestall A, adopted the same mark in Kentucky, where A's business theretofore had not extended, and built up a valuable business under it there, *held*, that A, upon entering B's field with notice of the situation, had no equity to enjoin B as an infringer, but was estopped. P. 103.

226 Fed. Rep. 545, affirmed.

THE case is stated in the opinion.

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## Argument for Petitioner.

Mr. Laurence A. Janney, with whom Mr. Alexis C. Angell and Mr. Frederick L. Emery were on the briefs, for petitioner:

When the first user of a trade-mark, reasonably diligent in extending the territory of his trade, ultimately engages, in good faith, in competition with a later user in a common market under the same mark, the first user is entitled to an injunction. Whether the first user has been reasonably diligent is a question of fact in each case. Mrs. Regis did her utmost to promote her business; did no act which amounted to an abandonment of any territory; by federal registration she gave notice of her countrywide claim. If the first user innocently promotes his business, and in the course of a natural growth encounters competition of a later user, he has acted in good faith, particularly if he has been, until the beginning of competition, ignorant of the later user's activities, as in the case at bar. The application of this principle would be nothing more than a recognition of the prior legal title and the prior equity of the first as against a mere subsequent equity of the later user. It would also protect the public against confusion and deception.

In granting the injunction, the District Court accepted the rules laid down in *McLean v. Fleming*, 96 U. S. 245; *Menendez v. Holt*, 128 U. S. 514; *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19; *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42; and interpreted those decisions as they had been interpreted for many years. The Circuit Court of Appeals attempted to distinguish them on the ground that the defendants had not acted innocently. But this court did not treat that fact as controlling; and the decisions would have been the same if each party had proceeded in ignorance of the other's acts. In the *Siegel-Cooper Case*, defendant's innocence was not held to exonerate it from the charge of infringement nor to relieve it from liability to injunction. See also *Merriam v. Smith*, 11 Fed. Rep. 588.

The *McLean Case* presents all the elements of an estoppel, and this court so held in denying an accounting. The complainant knowingly acquiesced in the respondent's use of the mark, and the respondent knowingly relied thereon and made his investment accordingly. He had acted innocently and in good faith. Nevertheless, the court sanctioned complainant's repudiation of acquiescence and did not exonerate the respondent from the charge of infringement. The decision was no doubt influenced largely by the obligation to protect the public. In *Menendez v. Holt*, the *McLean Case* was followed. The Court of Appeals erred in holding that Rectanus had a right to assume that he was entitled to continue using the mark because he remained ignorant of any adverse rights. He has no better excuse than had the defendant in the *McLean Case*.

If any estoppel could arise from acquiescence, the intentional acquiescence of complainants in the *McLean* and *Menendez Cases* would create estoppels much more surely than the conduct of Mrs. Regis and her successor in this case. It is the conduct of the party against whom the estoppel is urged which determines the existence of estoppel. The *Saxlehner Cases* sustain the contention that innocence on the part of defendants is not a defense; that their ignorance or knowledge cannot possibly determine the existence of estoppel against the complainant.

See also *Merriam v. Smith*, 11 Fed. Rep. 588; *New York Grape Sugar Co. v. Buffalo Grape Sugar Co.*, 18 Fed. Rep. 638; *Sawyer Spindle Co. v. Taylor*, 56 Fed. Rep. 110; 69 Fed. Rep. 837; *Taylor v. Sawyer Spindle Co.*, 75 Fed. Rep. 301; *Ide v. Trorlicht*, 115 Fed. Rep. 137; *Fahrney v. Ruminer*, 153 Fed. Rep. 735; *Layton Pure Food Co. v. Church & Dwight Co.*, 182 Fed. Rep. 35; Paul, *Trade-Marks*, par. 109; Hopkins, *Trade-Marks*, 2d ed., par. 75, p. 172.

The well settled rules governing estoppel in general

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preclude the possibility of finding that Mrs. Regis and her successor are estopped in the circumstances at bar. See Bigelow, Estoppel, 5th ed. The cases of *Carroll v. McIlwaine*, 171 Fed. Rep. 125; 183 Fed. Rep. 22; *Macmahan Co. v. Denver Co.*, 113 Fed. Rep. 468; and *Hanover Milling Co. v. Allen & Wheeler Co.*, 208 Fed. Rep. 513; *s. c. Hanover Milling Co. v. Metcalf*, 240 U. S. 403, referred to by the Circuit Court of Appeals, and *Saxlehner v. Eisner & Mendelson Co.*, *supra*, and *Kahn v. Gaines*, 155 Fed. Rep. 639; 161 *id.* 495, are distinguishable, and are not authority for finding an estoppel upon the facts of this case.

*Mr. Clayton B. Blakey* for respondent.

MR. JUSTICE PITNEY delivered the opinion of the court.

This was a suit in equity brought September 24, 1912, in the United States District Court for the Western District of Kentucky, by the present petitioner, a Massachusetts corporation, against the respondent, a Kentucky corporation, together with certain individual citizens of the latter State, to restrain infringement of trade-mark and unfair competition.

The District Court granted an injunction against the corporation defendant pursuant to the prayer of the bill. 206 Fed. Rep. 570. The Circuit Court of Appeals reversed the decree and remanded the cause with directions to dismiss the bill. 226 Fed. Rep. 545. An appeal was allowed by one of the judges of that court, and afterwards we allowed a writ of certiorari. Pursuant to a stipulation, the transcript of the record filed for the purposes of the appeal was treated as a return to the writ. Under § 128, Judicial Code, as amended by Act of January 28, 1915, c. 22, § 2, 38 Stat. 803, the appeal must be dismissed, and the cause will be determined on the writ of certiorari.

The essential facts are as follows: About the year 1877 Ellen M. Regis, a resident of Haverhill, Massachusetts, began to compound and distribute in a small way a preparation for medicinal use in cases of dyspepsia and some other ailments, to which she applied as a distinguishing name the word "Rex"—derived from her surname. The word was put upon the boxes and packages in which the medicine was placed upon the market, after the usual manner of a trade-mark. At first alone, and afterwards in partnership with her son under the firm name of "E. M. Regis & Company," she continued the business on a modest scale; in 1898 she recorded the word "Rex" as a trade-mark under the laws of Massachusetts (Acts 1895, p. 519, c. 462, § 1); in 1900 the firm procured its registration in the United States Patent Office under the Act of March 3, 1881, c. 138, 21 Stat. 502; in 1904 the Supreme Court of Massachusetts sustained their trade-mark right under the state law as against a concern that was selling medicinal preparations of the present petitioner under the designation of "Rexall remedies" (*Regis v. Jaynes*, 185 Massachusetts, 458); afterwards the firm established priority in the mark as against petitioner in a contested proceeding in the Patent Office; and subsequently, in the year 1911, petitioner purchased the business with the trade-mark right, and has carried it on in connection with its other business, which consists in the manufacture of medicinal preparations, and their distribution and sale through retail drug stores, known as "Rexall stores," situate in the different States of the Union, four of them being in Louisville, Kentucky.

Meanwhile, about the year 1883, Theodore Rectanus, a druggist in Louisville, familiarly known as "Rex," employed this word as a trade-mark for a medicinal preparation known as a "blood purifier." He continued this use to a considerable extent in Louisville and vicinity, spending money in advertising and building up a trade, so that—



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except for whatever effect might flow from Mrs. Regis' prior adoption of the word in Massachusetts, of which he was entirely ignorant—he was entitled to use the word as his trade-mark. In the year 1906 he sold his business, including the right to the use of the word, to respondent; and the use of the mark by him and afterwards by respondent was continuous from about the year 1883 until the filing of the bill in the year 1912.

Petitioner's first use of the word "Rex" in connection with the sale of drugs in Louisville or vicinity was in April, 1912, when two shipments of "Rex Dyspepsia Tablets," aggregating 150 boxes and valued at \$22.50, were sent to one of the "Rexall" stores in that city. Shortly after this the remedy was mentioned by name in local newspaper advertisements published by those stores. In the previous September, petitioner shipped a trifling amount—five boxes—to a drug store in Franklin, Kentucky, approximately 120 miles distant from Louisville. There is nothing to show that before this any customer in or near Kentucky had heard of the Regis remedy, with or without the description "Rex," or that this word ever possessed any meaning to the purchasing public in that State except as pointing to Rectanus and the Rectanus Company and their "blood purifier." That it did and does convey the latter meaning in Louisville and vicinity is proved without dispute. Months before petitioner's first shipment of its remedy to Kentucky, petitioner was distinctly notified (in June, 1911,) by one of its Louisville distributors that respondent was using the word "Rex" to designate its medicinal preparations, and that such use had been commenced by Mr. Rectanus as much as 16 or 17 years before that time.

There was nothing to sustain the allegation of unfair competition, aside from the question of trade-mark infringement. As to this, both courts found, in substance, that the use of the same mark upon different but somewhat

related preparations was carried on by the parties and their respective predecessors contemporaneously, but in widely separated localities, during the period in question—between 25 and 30 years—in perfect good faith, neither side having any knowledge or notice of what was being done by the other. The District Court held that because the adoption of the mark by Mrs. Regis antedated its adoption by Rectanus, petitioner's right to the exclusive use of the word in connection with medicinal preparations intended for dyspepsia and kindred diseases of the stomach and digestive organs must be sustained, but without accounting for profits or assessment of damages for unfair trade; citing *McLean v. Fleming*, 96 U. S. 245; *Menendez v. Holt*, 128 U. S. 514; *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 39; *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42. The Circuit Court of Appeals held that in view of the fact that Rectanus had used the mark for a long period of years in entire ignorance of Mrs. Regis' remedy or of her trade-mark, had expended money in making his mark well known, and had established a considerable though local business under it in Louisville and vicinity, while on the other hand during the same long period Mrs. Regis had done nothing, either by sales agencies or by advertising, to make her medicine or its mark known outside of the New England States, saving sporadic sales in territory adjacent to those States, and had made no effort whatever to extend the trade to Kentucky, she and her successors were bound to know that, misled by their silence and inaction, others might act, as Rectanus and his successors did act, upon the assumption that the field was open, and therefore were estopped to ask for an injunction against the continued use of the mark in Louisville and vicinity by the Rectanus Company.

The entire argument for the petitioner is summed up in the contention that whenever the first user of a trade-mark has been reasonably diligent in extending the

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territory of his trade, and as a result of such extension has in good faith come into competition with a later user of the same mark who in equal good faith has extended his trade locally before invasion of his field by the first user, so that finally it comes to pass that the rival traders are offering competitive merchandise in a common market under the same trade-mark, the later user should be enjoined at the suit of the prior adopter, even though the latter be the last to enter the competitive field and the former have already established a trade there. Its application to the case is based upon the hypothesis that the record shows that Mrs. Regis and her firm, during the entire period of limited and local trade in her medicine under the Rex mark, were making efforts to extend their trade so far as they were able to do with the means at their disposal. There is little in the record to support this hypothesis; but, waiving this, we will pass upon the principal contention.

The asserted doctrine is based upon the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy. *Canal Co. v. Clark*, 13 Wall. 311, 322; *McLean v. Fleming*, 96 U. S. 245, 254. There is no such thing as property in a trade-mark except as a right appurtenant to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition; the right to a particular mark grows out of its use, not its mere adoption; its function is simply to designate the goods as the product of a particular trader and to protect his good will against the sale of another's product as his; and it is not the subject of property except in connection with an existing business. *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 412-414.

The owner of a trade-mark may not, like the proprietor

of a patented invention, make a negative and merely prohibitive use of it as a monopoly. See *United States v. Bell Telephone Co.*, 167 U. S. 224, 250; *Bement v. National Harrow Co.*, 186 U. S. 70, 90; *Paper Bag Patent Case*, 210 U. S. 405, 424.

In truth, a trade-mark confers no monopoly whatever in a proper sense, but is merely a convenient means for facilitating the protection of one's good-will in trade by placing a distinguishing mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold.

It results that the adoption of a trade-mark does not, at least in the absence of some valid legislation enacted for the purpose, project the right of protection in advance of the extension of the trade, or operate as a claim of territorial rights over areas into which it thereafter may be deemed desirable to extend the trade. And the expression, sometimes met with, that a trade-mark right is not limited in its enjoyment by territorial bounds, is true only in the sense that wherever the trade goes, attended by the use of the mark, the right of the trader to be protected against the sale by others of their wares in the place of his wares will be sustained.

Property in trade-marks and the right to their exclusive use rest upon the laws of the several States, and depend upon them for security and protection; the power of Congress to legislate on the subject being only such as arises from the authority to regulate commerce with foreign nations and among the several States and with the Indian tribes. *Trade-Mark Cases*, 100 U. S. 82, 93.

Conceding everything that is claimed in behalf of the petitioner, the entire business conducted by Mrs. Regis and her firm prior to April, 1911, when petitioner acquired it, was confined to the New England States with inconsiderable sales in New York, New Jersey, Canada, and Nova Scotia. There was nothing in all of this to give her

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any rights in Kentucky, where the principles of the common law obtain. *Hunt v. Warnicke's Heirs*, 3 Kentucky (Hardin), 61, 62; *Lathrop v. Commercial Bank*, 8 Dana (Ky.), 114, 121; *Ray v. Sweeney*, 14 Bush (Ky.), 1, 9; *Aetna Ins. Co. v. Commonwealth*, 106 Kentucky, 864, 881; *Nider v. Commonwealth*, 140 Kentucky, 684, 687. We are referred to no decision by the courts of that State, and have found none, that lays down any peculiar doctrine upon the subject of trade-mark law. There is some meager legislation, but none that affects this case (Kentucky Stats., § 2572c, subsec. 7; §§ 4749-4755). There was nothing to prevent the State of Kentucky (saving, of course, what Congress might do within the range of its authority) from conferring affirmative rights upon Rectanus, exclusive in that Commonwealth as against others whose use of the trade-mark there began at a later time than his; but whether he had such rights, or respondent now has them, is a question not presented by the record; there being no prayer for an injunction to restrain petitioner from using the mark in the competitive field.

It is not contended, nor is there ground for the contention, that registration of the Regis trade-mark under either the Massachusetts statute or the act of Congress, or both, had the effect of enlarging the rights of Mrs. Regis or of petitioner beyond what they would be under common-law principles. Manifestly, the Massachusetts statute (Acts 1895, p. 519, c. 462) could have no extra-territorial effect. And the Act of Congress of March 3, 1881, c. 138, 21 Stat. 502, applied only to commerce with foreign nations or the Indian tribes, with either of which this case has nothing to do. See *Ryder v. Holt*, 128 U. S. 525. Nor is there any provision making registration equivalent to notice of rights claimed thereunder. The Act of February 20, 1905, c. 592, 33 Stat. 724, which took the place of the 1881 Act, while extending protection to trade-marks used in interstate commerce, does not en-

large the effect of previous registrations, unless renewed under the provisions of its twelfth section, which has not been done in this case; hence we need not consider whether anything in this act would aid the petitioner's case.

Undoubtedly, the general rule is that, as between conflicting claimants to the right to use the same mark, priority of appropriation determines the question. See *Canal Co. v. Clark*, 13 Wall. 311, 323; *McLean v. Fleming*, 96 U. S. 245, 251; *Manufacturing Co. v. Trainer*, 101 U. S. 51, 53; *Columbia Mill Co. v. Alcorn*, 150 U. S. 460, 463. But the reason is that purchasers have come to understand the mark as indicating the origin of the wares, so that its use by a second producer amounts to an attempt to sell his goods as those of his competitor. The reason for the rule does not extend to a case where the same trade-mark happens to be employed simultaneously by two manufacturers in different markets separate and remote from each other, so that the mark means one thing in one market, an entirely different thing in another. It would be a perversion of the rule of priority to give it such an application in our broadly extended country that an innocent party who had in good faith employed a trade-mark in one State, and by the use of it had built up a trade there, being the first appropriator in that jurisdiction, might afterwards be prevented from using it, with consequent injury to his trade and good-will, at the instance of one who theretofore had employed the same mark but only in other and remote jurisdictions, upon the ground that its first employment happened to antedate that of the first-mentioned trader.

In several cases federal courts have held that a prior use of a trade-mark in a foreign country did not entitle its owner to claim exclusive trade-mark rights in the United States as against one who in good faith had adopted a like trade-mark here prior to the entry of the foreigner into this market. *Richter v. Anchor Remedy Co.*, 52 Fed.

Rep. 455, 458; *Richter v. Reynolds*, 59 Fed. Rep. 577, 579; *Walter Baker & Co. v. Delapenha*, 160 Fed. Rep. 746, 748; *Gorham Mfg. Co. v. Weintraub*, 196 Fed. Rep. 957, 961.

The same point was involved in *Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 415, where we said: "In the ordinary case of parties competing under the same mark in the same market, it is correct to say that prior appropriation settles the question. But where two parties independently are employing the same mark upon goods of the same class, but in separate markets wholly remote the one from the other, the question of prior appropriation is legally insignificant, unless at least it appear that the second adopter has selected the mark with some design inimical to the interests of the first user, such as to take the benefit of the reputation of his goods, to forestall the extension of his trade, or the like."

In this case, as already remarked, there is no suggestion of a sinister purpose on the part of Rectanus or the Rectanus Company; hence the passage quoted correctly defines the status of the parties prior to the time when they came into competition in the Kentucky market. And it results, as a necessary inference from what we have said, that petitioner, being the newcomer in that market, must enter it subject to whatever rights had previously been acquired there in good faith by the Rectanus Company and its predecessor. To hold otherwise—to require Rectanus to retire from the field upon the entry of Mrs. Regis' successor—would be to establish the right of the latter as a right in gross, and to extend it to territory wholly remote from the furthest reach of the trade to which it was annexed, with the effect not merely of depriving Rectanus of the benefit of the good-will resulting from his long-continued use of the mark in Louisville and vicinity, and his substantial expenditures in building up his trade, but of enabling petitioner to reap substantial benefit from the publicity that Rectanus



has thus given to the mark in that locality, and of confusing if not misleading the public as to the origin of goods thereafter sold in Louisville under the Rex mark, for, in that market, until petitioner entered it, "Rex" meant the Rectanus product, not that of Regis.

In support of its contention petitioner cites the same cases that were relied upon by the District Court, namely, *McLean v. Fleming*, 96 U. S. 245; *Menendez v. Holt*, 128 U. S. 514; *Saxlehner v. Eisner & Mendelson Co.*, 179 U. S. 19, 39; and *Saxlehner v. Siegel-Cooper Co.*, 179 U. S. 42. They exemplify the rule that, where the proof of infringement is clear, a court of equity will not ordinarily refuse an injunction for the future protection of the proprietor of a trade-mark right, even where his acquiescence and laches have been such as to disentitle him to an accounting for the past profits of the infringer. The rule finds appropriate application in cases of conscious infringement or fraudulent imitation, as is apparent from a reading of the opinions in those cases; but it has no pertinency to such a state of facts as we are now dealing with. In *McLean v. Fleming*, the only question raised in this court that affected the right of the appellee to an injunction was whether the Circuit Court had erred in finding that defendant's labels "Dr. McLean's Universal Pills," etc., infringed complainant's label "Dr. C. McLane's Celebrated Liver Pills," and this turned upon whether the similarity was sufficient to deceive ordinarily careful purchasers. The evidence showed without dispute that from the beginning of his use of the offending labels the defendant (McLean) had known of the McLane liver pills, and raised at least a serious question whether he did not adopt his labels for the purpose of palming off his goods as those of complainant. What he controverted was that his labels amounted to an infringement of complainant's, and when this was decided against him the propriety of the injunction was clear. In *Menendez v.*



*Holt*, likewise, defendants (*Menendez*) admitted the existence of the brand in question—the words “*La Favorita*” as applied to flour—and admitted using it, but denied that *Holt & Company* were the owners, alleging that one *Rider* was a former member of that firm and entitled to use the brand, and that under him defendants had sold their flour branded “*La Favorita, S. O. Rider.*” There was, however, no question but that defendants adopted the brand knowing it to be already in use by others. In the *Saxlehner Cases*, the facts were peculiar, and need not be rehearsed; injunctions were allowed to restrain the sale of certain waters in bottles and under labels in which those of complainant were intentionally imitated. In all four cases the distinguishing features of the present case were absent.

Here the essential facts are so closely parallel to those that furnished the basis of decision in the *Allen & Wheeler Case*, reported *sub nom. Hanover Milling Co. v. Metcalf*, 240 U. S. 403, 419–420, as to render further discussion unnecessary. *Mrs. Regis* and her firm, having during a long period of years confined their use of the “*Rex*” mark to a limited territory wholly remote from that in controversy, must be held to have taken the risk that some innocent party might in the meantime hit upon the same mark, apply it to goods of similar character, and expend money and effort in building up a trade under it; and since it appears that *Rectanus* in good faith, and without notice of any prior use by others, selected and used the “*Rex*” mark, and by the expenditure of money and effort succeeded in building up a local but valuable trade under it in *Louisville* and vicinity before petitioner entered that field, so that “*Rex*” had come to be recognized there as the “trade signature” of *Rectanus* and of respondent as his successor, petitioner is estopped to set up their continued use of the mark in that territory as an infringement of the *Regis* trade-mark. Whatever confusion may have

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arisen from conflicting use of the mark is attributable to petitioner's entry into the field with notice of the situation; and petitioner cannot complain of this. As already stated, respondent is not complaining of it.

*Decree affirmed.*

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